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VALLEY SECESSION: SOME THINGS TO CONSIDER



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Executive Summary

Why does the valley want to become independent of Los Angeles? The most frequent reasons put forth are that a smaller Valley City will be able to offer its residents better services, lower taxes, the ability to control growth and development, more efficient use of resources, and better representation from elected officials. Not often asked however, is what will happen to the remaining Los Angeles in the event of valley secession?

The purpose of this report is to present information that will help voters and decision makers to decide if the above reasons for secession have a significant probability of being achieved. At the same time the report presents information on how valley secession might impact the remainder of Los Angeles.

If valley secession is approved the following will occur:

Population Characteristics

- The valley will become the nation's 6th largest city with a population of 1.4 million people and be comparable in size with Philadelphia, Phoenix, San Diego, Dallas and San Antonio.
- A new majority minority city will be created.
- Residential separation between Anglos and Latinos will increase in the new Valley City.
- A racial divide between the residential location of Anglos and minorities in the remaining Los Angeles will become more pronounced than it is today.
- A growing elderly population in the new Valley City will mean that the new city will have to expand its service delivery system to respond to growing demands from this segment of the population.
- The number of households in poverty will grow in the new Valley City requiring more resources to meet their service needs.

Housing

- An increasing divide between homeowners and renters will occur in the new Valley City. The desire to enact a strong rent control ordinance is likely to be pursued by renters and opposed by owners, particularly owners of large rental complexes. Renters will be concentrated in the central portion of the city surrounded by homeowners.
- Neighborhoods with large numbers of children will be concentrated in certain sections of the new Valley City. This will likely mean that the current service

delivery system will have to be revised to meet the growing needs of this population group.

- Both cities will be constrained in their ability to produce housing. The need to provide affordable housing will be a challenge for each city although Los Angeles will have a new \$100 million trust fund and a large number of non-profit housing advocates to aid its efforts.

Land Use

- The new Valley City should have an ample supply of public facilities to serve the initial population needs of its residents. The new city administration must address the following questions:
 - ▶ Where will the capital come from to build new facilities in the future?
 - ▶ Will there be sufficient revenues to maintain current levels of services being offered through these facilities?
 - ▶ If the prior criticism about lack of services raised by secession proponents is correct, where will the revenues come from to increase the current level of services to the desired level particularly given the change in population characteristics that the valley will experience?
- For Los Angeles, the challenge will be how to adapt older obsolete manufacturing facilities to accommodate new uses.

Fiscal Analysis

- Los Angeles County Formation Agency (LAFCO) has concluded that a new Valley City would be economically viable over the next three years. Because revenues from current sources would continue at roughly the same rate as they have in the past. This is probably not warranted for property tax, sales tax, and business tax. A recession could reduce the rate of return for all these primary sources of revenue.
- Secession proponents have vowed to reduce business taxes. If this occurs, then the new city will have to impose new taxes and/or fees or drastically reduce services.
- For Los Angeles, future revenue growth will be adversely impacted as a result of valley secession.
- Over the next 20 years, the new Valley City will have to pay Los Angeles \$128 million a year (declining 5% per year) as a condition of secession.
- The new Valley City will have to pay DWP 5% of water and 7% of power utility tax revenues per year until all bonds are returned. These bonds will be returned in the year 2042 for water and 2032 for power.

- Compared to other cities of this size, the new Valley City will have nearly the lowest per capita income to spend on services.
- Currently Los Angeles spends \$1,125.00 per person in services. The new Valley City would have \$776.00 per capita to spend on services while the remaining Los Angeles could spend \$1,327.00 per capita for services.

Business Climate

- From a business perspective, in the short term, the new Valley City could be perceived as a desirable place for business growth. This will be particularly true for technology-oriented firms.
- The remaining Los Angeles will continue to be the location for most of the regions financial institutions. Perhaps the largest concern for Los Angeles will be that the new Valley City might be able to position itself as “the place” to locate if you are a growing business looking for a city with a “pro business climate.” This could hurt Los Angeles in its own efforts to attract new firms.

Political

- Political change will occur in California with or without secession. With secession, however, the change process will be accelerated because 14 council districts will be created and the new Valley City will have its own Mayor. Over time, Latinos have a good possibility of capturing many of these seats.
- In the short term, Anglos will dominate the political arena of the new Valley City because of the low voter registration rates among Latinos. African Americans, on the other hand, will have a very difficult time being elected to any of the newly created council seats or as Mayor. The same will be true for the Asian Pacific Islanders.
- In the remaining Los Angeles, there will be a continuing political struggle between African Americans and Latinos. While there is a possibility that African Americans in the short run may gain a few more council seats as a result of secession, it is not at all certain that these gains can be sustained over time because in neighborhoods, which were predominately African American, the Latino population is rapidly growing. At the same time, Latinos will also increase their numbers in the city council, initially at the expense of Anglos.
- As a result of secession, no matter who is in power, there will be the persistent problem of how to generate sufficient resources to satisfy the service needs of all the city’s residents. Both the new Valley City and Los Angeles will struggle with this issue for decades.

Conclusion

The only winners from valley secession will be the first group of elected officials and their backers. It is this group that will have the power to enact new laws and shape the future of the new Valley City. But if the new city is true to its stated values, then it will begin by enacting term limits. So the first council will have four to eight years to try and do what no other council in a city of this size has been able to achieve—solve very difficult problems with limited resources. The losers will be the second wave of elected officials who will have to deal with the realities of solving intractable problems. This group will realize that the adverse consequences of Proposition 13, which have yet to be overcome by other cities in California, have also helped to seal the Valley City's fate. The other losers will be the residents and business owners of the new city who will have to cope with the irreversible damages and new challenges caused by secession.

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Introduction

In December 1988, proponents for “special reorganization” of the San Fernando Valley filed a petition with the County of Los Angeles to breakaway from Los Angeles. The Los Angeles County Formation Agency (LAFCO) certified that sufficient valley signatures had been obtained to warrant a formal evaluation of the request. LAFCO initiated a process to determine if a new Valley City could sustain itself economically for three years after secession and if the City of Los Angeles would be hurt financially. In January 2002, LAFCO determined that a new Valley City would be financially viable and that payments of \$65.8 million annually¹ (declining by 5% each year for the next 20 years) to Los Angeles would mitigate any financial loss. On November 5, 2002 Los Angeles residents will vote to determine if a new Valley City should be created. In order for this measure to pass, a majority of voters in the proposed new Valley City must approve the measure. At the same time a majority of residents in the remainder of Los Angeles must also vote yes for secession.

Why does the valley want to become independent of Los Angeles? The most frequent reasons offered are that a smaller Valley City will result in better services, lower taxes, the ability to control growth and development, more efficient use of resources, and better representation from elected officials. Not often asked however, is what will happen to the remaining Los Angeles?

The purpose of this report is to present information that will help voters and decision makers to decide if the above reasons for secession have a significant probability of being achieved. At the same time the report presents information on how valley secession might impact the remainder of Los Angeles.

The report is divided into six parts. Part One presents population data on ethnicity, the elderly and select income characteristics. Part Two examines housing related information in terms of tenure and household size and median home value. The third part of the report focuses on land use including: public facilities, commercial, manufacturing, parks and undeveloped land. Issues related to fiscal impact are presented in Part Four. Part Five discusses issues associated with the business climate, including highest assessed properties, location of the largest private companies, the fastest growing companies, largest technology companies, fastest growing technology companies, aerospace subcontractors, most profitable public companies, financial institutions, minority owned businesses, colleges, universities, and areas which have been targeted for local neighborhood improvement. The final section of the report presents information relating to future political issues.

Approach

Data for this report came from several different sources. The population, income and housing information are from the U.S. Census. The Los Angeles Planning Department provided the land use data while the revenue information was obtained from the Office of Administrative and Research Services for the City of Los Angeles. The business climate data have come from the Los Angeles Business Journal and the political information was obtained from the Los Angeles Redistricting Commission. The mapping of all of the data was done by Angela Fasudhani, a

¹ This amount has been raised to \$128 million. Los Angeles contends that the correct figure is closer to \$250 million.

student in the department of Urban Planning at UCLA. The data in the report are presented for two geographic areas; the proposed new Valley City and what would be the remainder of Los Angeles.

PART ONE—POPULATION CHARACTERISTICS

Figures 1-4 present the distribution of 2000 census information for the Anglo, African American, Asian Pacific Islander and Latino populations per capita income and median household income for both the proposed new Valley City and what would be the remainder of Los Angeles.

New Valley City

With all ethnic groups, there are striking residential patterns of separation in term of density distribution and size. These maps are striking because they present a vivid picture of emerging ethnic group residential separation. Far fewer Anglos than Latinos will live in the center portion of the new Valley City. Anglos will be concentrated in the southern, mid-western and far western portions of the city, e.g.

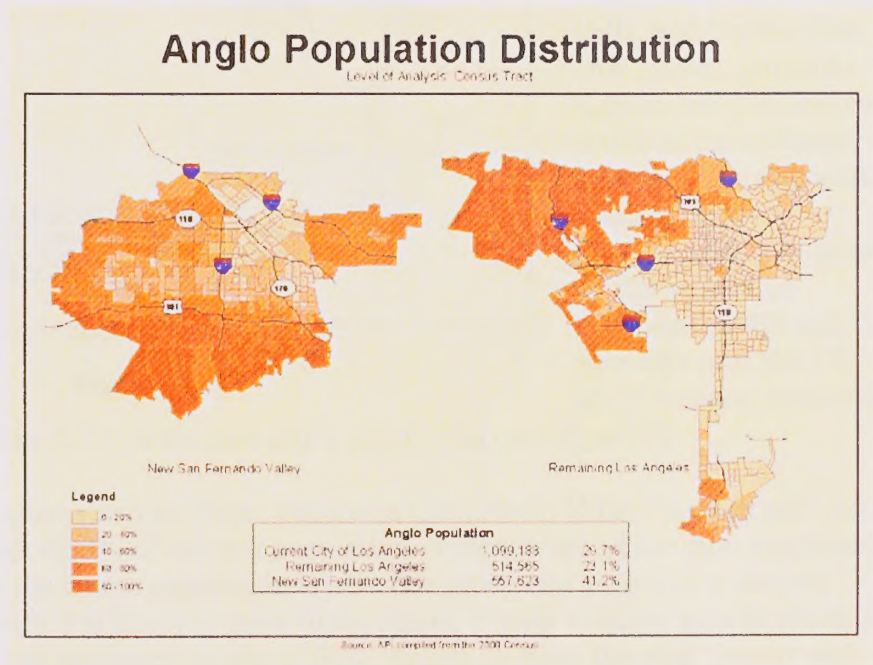


Figure 1

African American Population Distribution

Level of Analysis: Census Tract

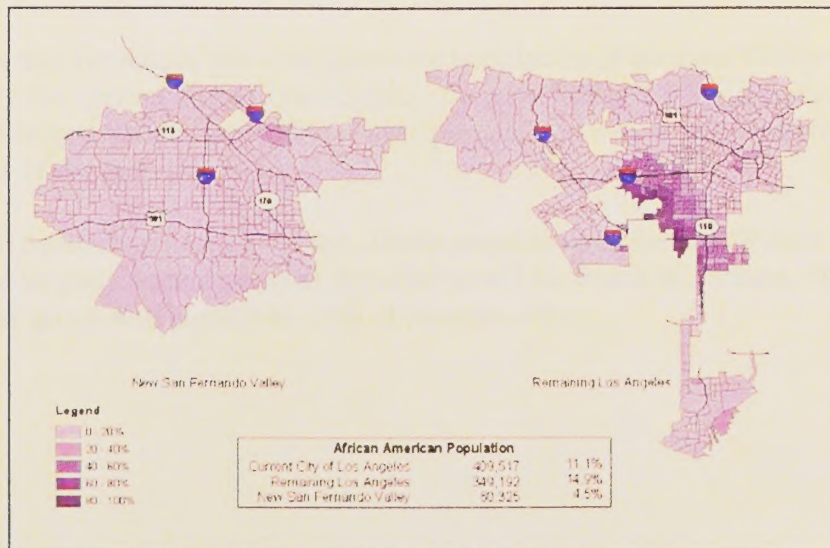
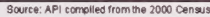


Figure 2

Studio City, Sherman Oaks, Encino, Tarzana, Woodland Hills, Las Tunas Canyon and Shadow Hills (see Figure 1). Anglos would constitute 41% of the new Valley City residents.

In the short term, with the exception of Lake View Terrace, African Americans will not be concentrated in particular neighborhoods within the new Valley City (see Figure 2). The 60,000 African Americans in the

Level of Analysis: Census Tract



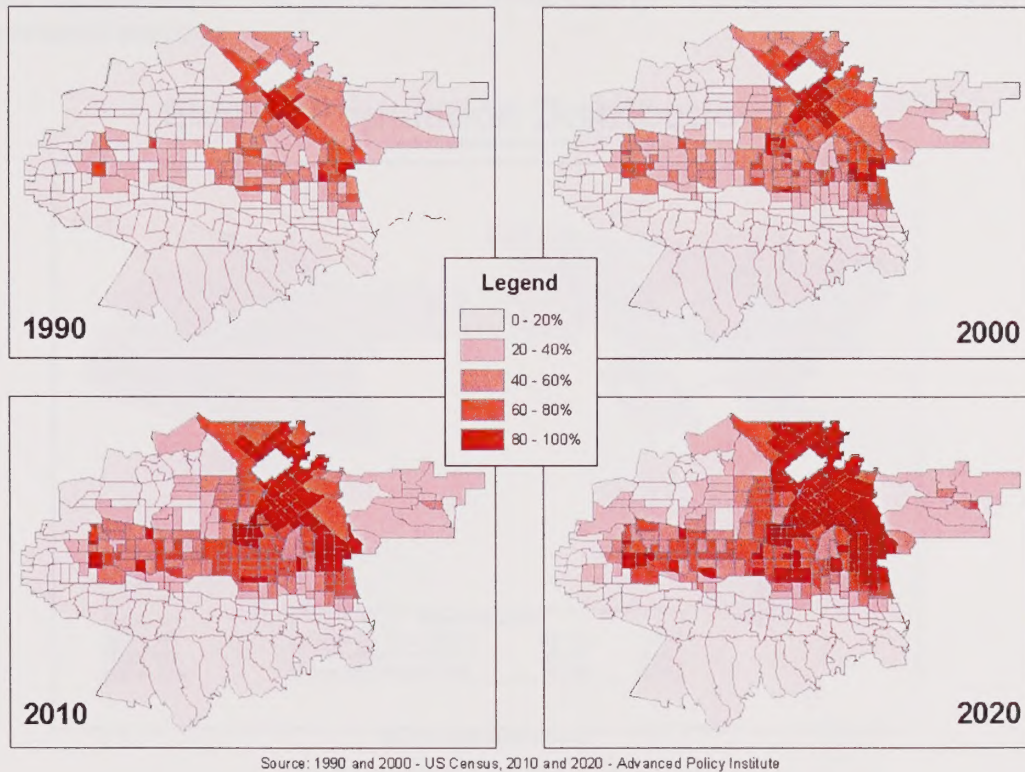
These groups would constitute 9.3% of the new city's population (see Figure 3).

The residential location of the elderly population in the new Valley City is presented in Figure 6. The largest concentration of the elderly will be found in Tarzana, Mission Hills and Encino. This group will constitute 10% of the new city.

The Asian Pacific Islander population will be most concentrated in the communities of Porter Ranch, Granada Hills, and Valley Glen. One cluster, primarily Korean and Chinese will reside in the northeast section of the city while a second cluster (predominately Filipino) would be located between the 405 and 170 freeways near the 170 and 5 freeway junctures.

New San Fernando Valley Latino Population Projection

Level of Analysis: Census Tract - Method: Linear Projection

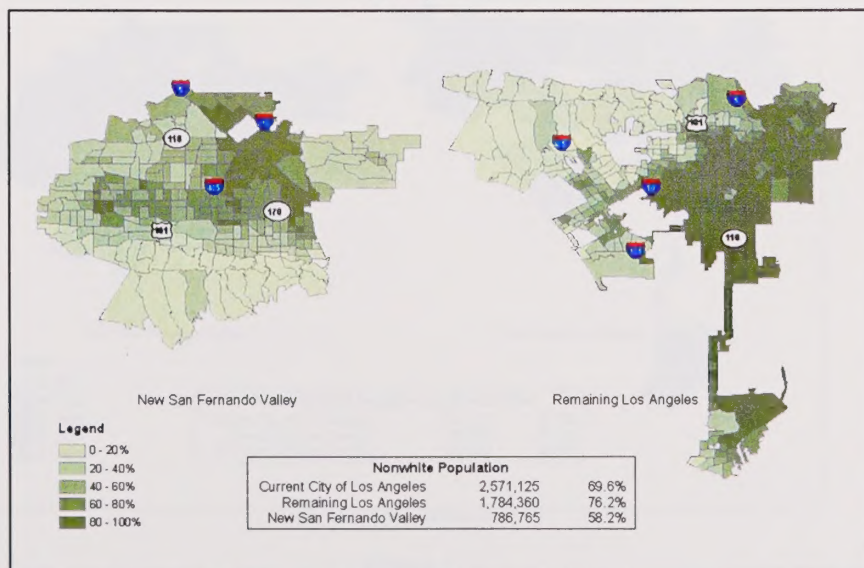


Source: 1990 and 2000 - US Census, 2010 and 2020 - Advanced Policy Institute

Figure 4

Nonwhite Population Distribution

Level of Analysis: Census Tract



Source: API compiled from the 2000 Census

Figure 5

The distribution of the population 60 and above is presented in Figure 7. The location and density of this age group should be noted by the new Valley City planners because in the near term future this population will join the ranks of the elderly—a group that often seeks a variety of city sponsored services.

Elderly Population Distribution

Level of Analysis: Census Tract

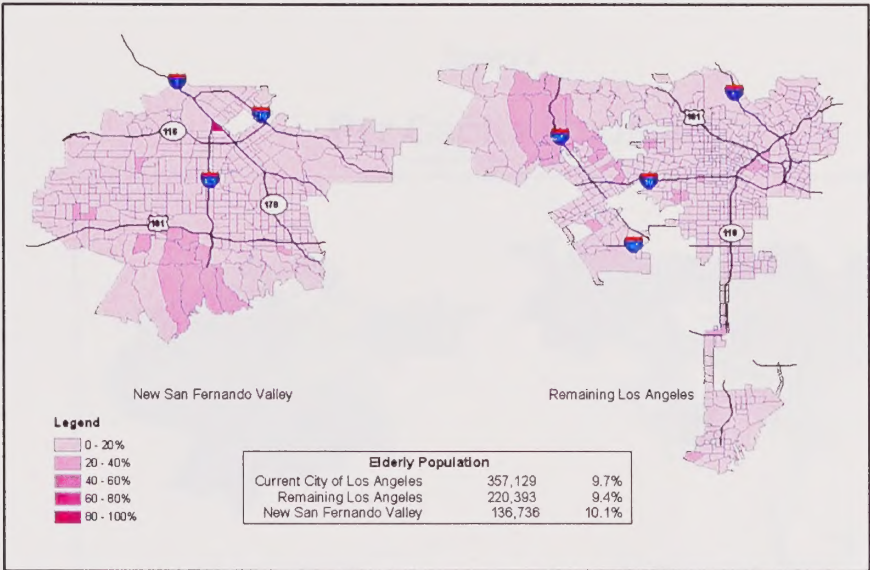


Figure 6

Households with Members Age 60 and Older

Level of Analysis: Census Tract

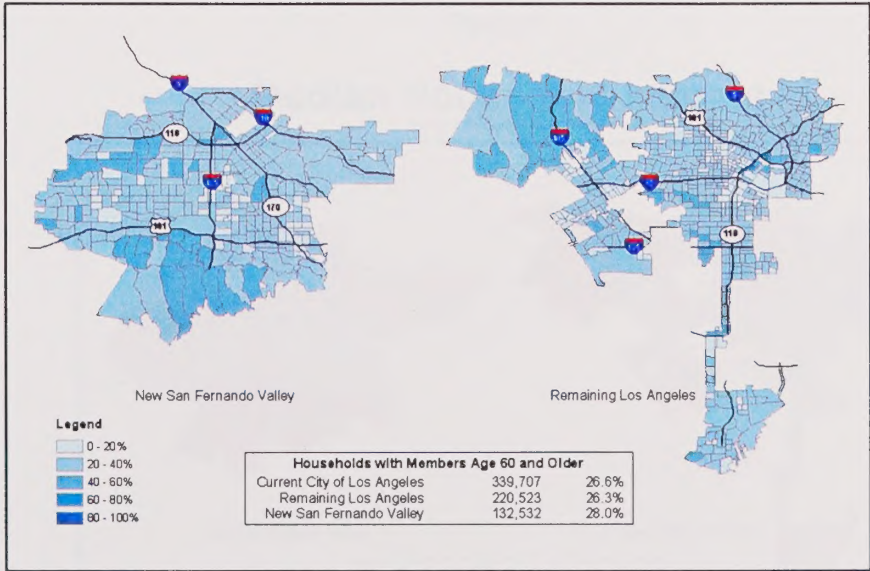


Figure 7

These next series of Figures, 8 through 12, are illustrative of points which need to be kept in mind regarding the income status of the valley's future residents. In Figure 8, for example the highest per capita income in the valley coincides with the location of the homeowners' concentration. This same pattern holds for Los Angeles (see Figure 16).

Information on median household income is shown in Figure 9. Once again, the pattern in both the valley and Los Angeles is consistent with the homeownership patterns in Figure 8.

Figure 8

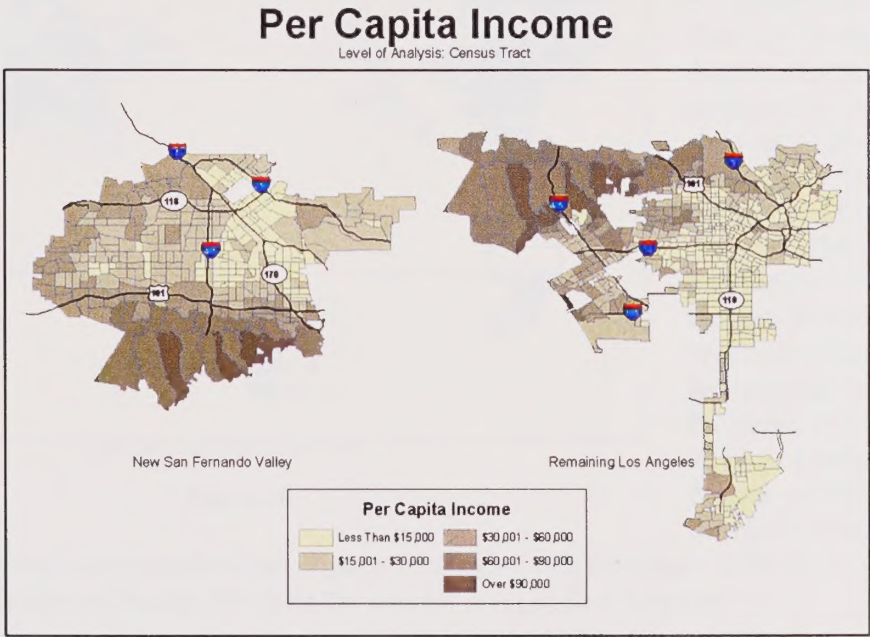
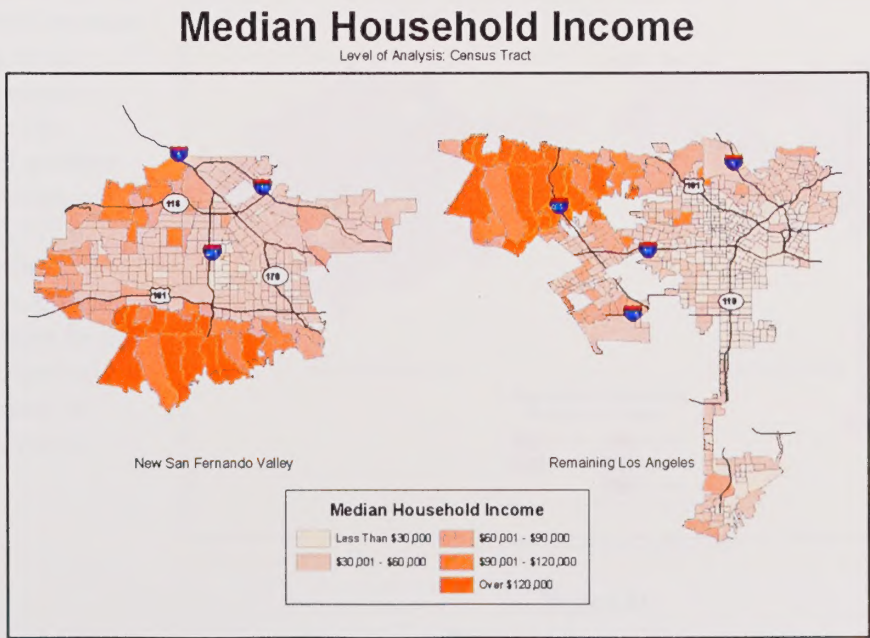


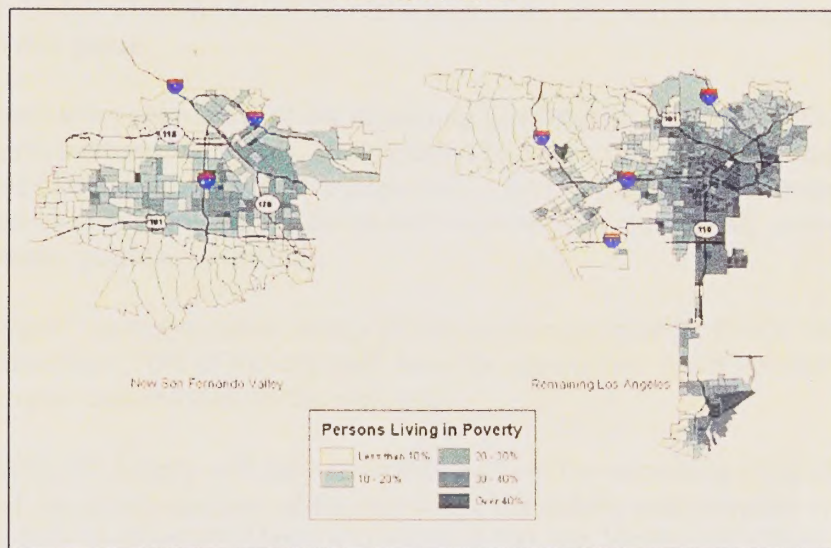
Figure 9



The density of poverty in the valley is not as great as poverty clustering in Los Angeles. However, the continued growth of poverty density in the new Valley City will be of concern to decision makers there (see Figure 10). There are also fewer households receiving public assistance in the Valley (see Figure 11).

Persons Living in Poverty

Level of Analysis: Census Tract



Source: 2000 Census, mapped by Advanced Policy Institute

Figure 10

Remaining Los Angeles

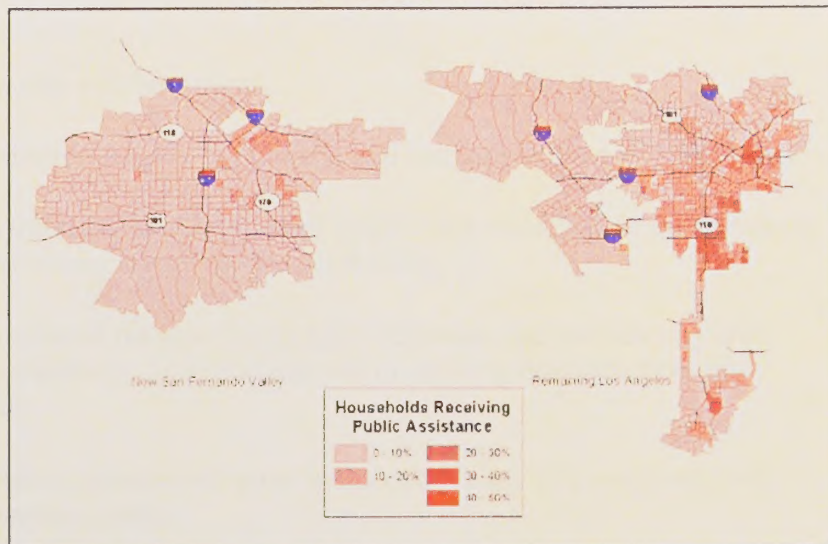
If the valley secedes, Los Angeles will become the 3rd largest City in the Country. Today, Los Angeles is the second largest City. A rather rigid racial divide will be a reality for the remainder of Los Angeles. The Anglo population will be located primarily in the Westside communities of Brentwood, Pacific Palisades and Bel Air. A large proportion of Anglos will also reside in the Hollywood Hills, Los

Feliz, and El Segundo communities (see Figure 1). Anglos will constitute 23% of the remaining Los Angeles, a decline of nearly 7% from the current level in Los Angeles.

As a result of valley secession the African American population of the remaining city will increase nearly 4%, going from 10.5% of the population today to 11.2% in the future. The actual number of African Americans will decline from 409,517 to 349,192. The spatial distribution of the African American population in the remaining Los Angeles will be virtually identical to what it is today with the

Households Receiving Public Assistance Income

Level of Analysis: Aggregated by Household per Census Tract



Source: 2000 Census, mapped by Advanced Policy Institute

Figure 11

most notable concentrations being in the West Adams, Vernon-Central, Leimert Park and Crenshaw communities (see Figure 2).

Asian Pacific Islanders will be located in a number of different areas in the remaining Los Angeles. This group will constitute 11.2% of the Los Angeles population compared to 10.5% today. The actual number will decline from 388,187 to 262,118 (see Figure 3). Chinatown, Koreatown and the Palms/Sawtelle area of the city will have the largest residential concentration of this group.

The Latino population of the remaining Los Angeles will constitute 48.8%, which represents a 2.3% increase over today. Numerically, however, the Latino population will be smaller by over one half million people. Geographically, this population will be located where it is today, but as can be seen in Figure 4, Latinos will become even more highly concentrated in the central and eastern portions of the city.

Figure 5 portrays rather starkly the almost complete racial divide resulting from valley secession. Minorities (76% of the city) will be in the central and eastern portions of the remaining city, with Anglos concentrated on the west side.

While the elderly will only constitute 9.4% of the remaining city (down from 9.7% today), there will be certain sections of the city where the elderly concentration will be most prominent. Sizable numbers of elderly will reside in Bel Air, Westwood, Chinatown, Little Tokyo, and the Vernon-Central areas of Los Angeles.

Discussion Points

If valley secession is approved the following will occur:

- The valley will become the nation's 6th largest city with a population of 1.4 million people and be comparable in size with Philadelphia, Phoenix, San Diego, Dallas and San Antonio.
- A new majority minority city will be created.
- Residential separation between Anglos and Latinos will increase in the new Valley City.
- A racial divide between the residential location of Anglos and minorities in the remaining Los Angeles will become more pronounced than it is today.
- A growing elderly population in the new Valley City will mean that the new city will have to expand its service delivery system to respond to growing demands from this segment of the population.
- The number of households in poverty will grow in the new Valley City requiring more resources to meet their service needs.

PART TWO—HOUSING

Figures 12 through 16 present data on median home values, distribution of renters, owners, households with 5 or more people and, households with no children under 18.

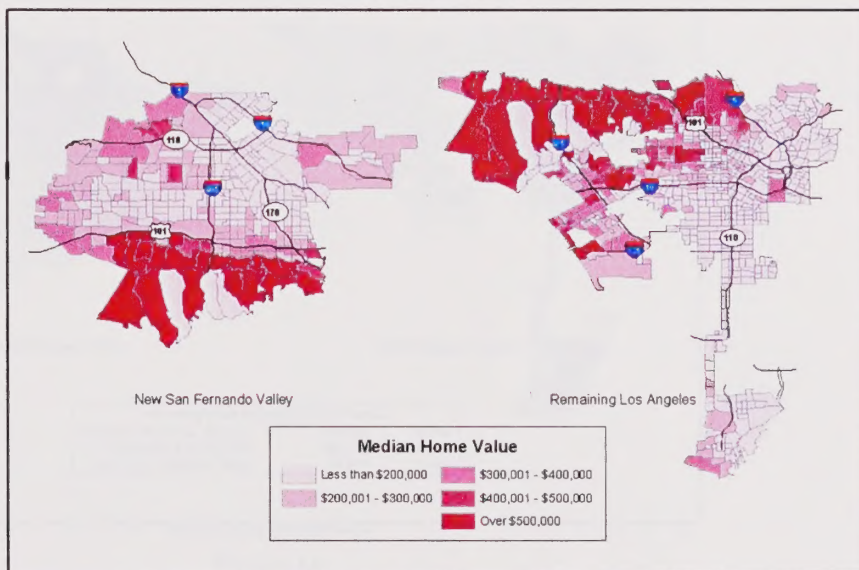
New Valley City

The highest median home values are located in the southern third of the new Valley City. There will also be a cluster of high value homes in the northwest portion of the city (see Figure 12)

Renters will be predominately located in the central part of the new city including: Van Nuys, North Hollywood, Panorama City and Warner Center. Homeowners will surround renters and be most prevalent in Northridge,

Median Home Value

Level of Analysis: Census Tract

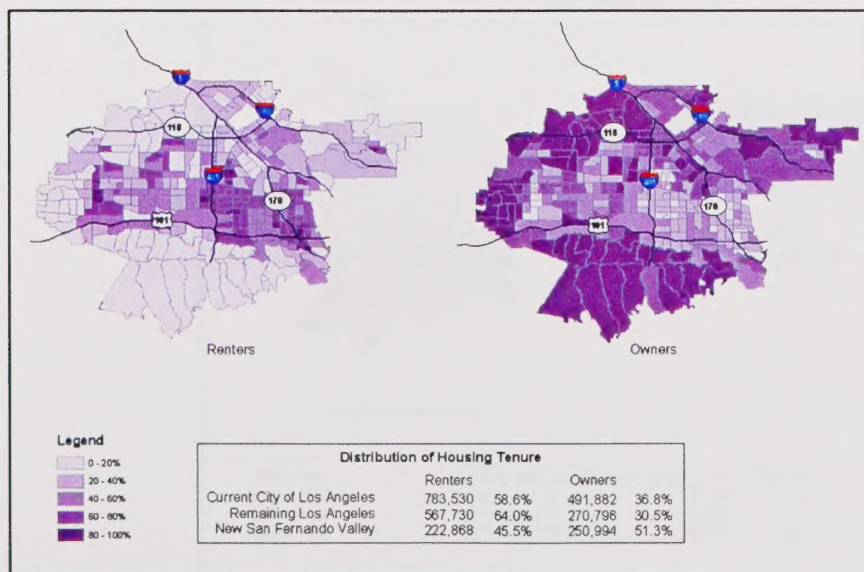


Source: 1990 Census, mapped by Advanced Policy Institute

Figure 12

Housing Tenure in New San Fernando Valley

Level of Analysis: Census Tract



Source: API compiled from the 2000 Census

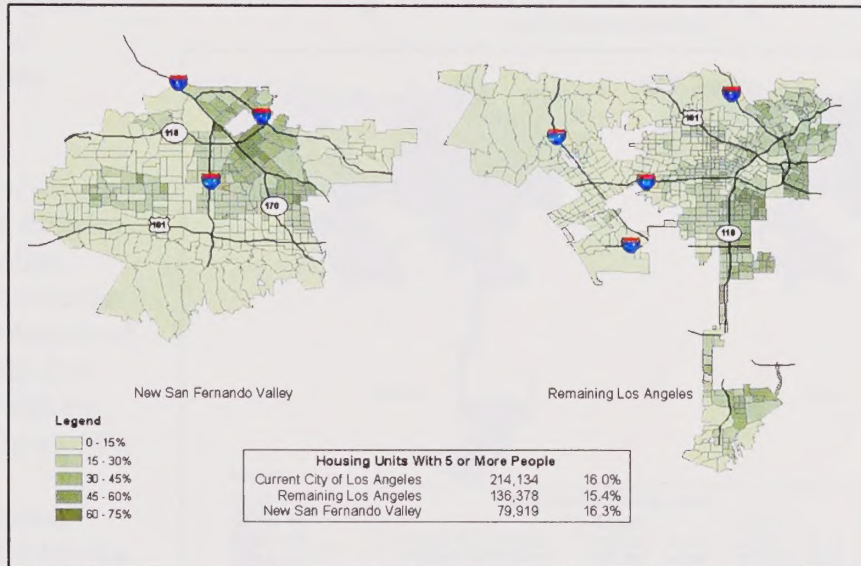
Woodland Hills, Chatsworth, Porter Ranch, West Hills, Granada Hills, Encino, Tarzana, Sherman Oaks, and Las Tunas Canyon (see Figure 13).

Areas of the new city with concentrations of households with 5 or more people will include Mission Hills, Sun Valley, Van Nuys, and Pacoima. (see Figure 14).

The distribution of households with no children under the age of 18 will be very similar to that of the owner pattern shown in Figure 15. These mostly childless neighborhoods would include Mission Hills, Sherman Oaks, Studio City and Valley Village. Households with five or more persons will be in the central portion of the city where the largest concentration of rental units will also be located. Households with no children under 18 will predominate in areas surrounding the center section of the city (see Figure 15).

Distribution of Housing Units with 5 or More People

Level of Analysis: Census Tract



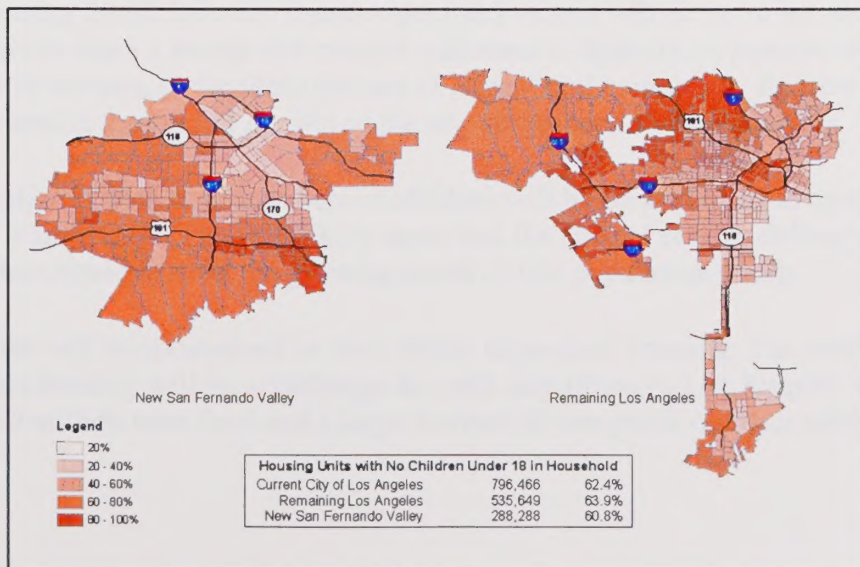
Source: API compiled from the 2000 Census

Figure 14

Figure 15

Housing Units with No Children Under 18 in Household

Level of Analysis: Census Tract



Source: API compiled from the 2000 Census

Remaining Los Angeles

It is clear that the highest concentration of upper income homes in Los Angeles will be in the western third of the city (see Figure 12)

As was the case in the new Valley City there is a clear pattern of owners vs. renters concentrated in the remaining Los Angeles. Brentwood, Bel Air Estates, Trousdale Estates, Beverly Glen, San Pedro, Modesto Heights and Eagle Rock, San Pedro, portions of south central Los Angeles and Mount Washington will have the highest concentration of homeowners (see Figure 16).

The east side of the remaining Los Angeles along with the San Pedro area is where the highest concentration of households with 5 or more persons will be located (see Figure 14).

The neighborhoods with households having the fewest number of children will include the Westside, Hollywood, Los Feliz, and San Pedro (see Figure 15).

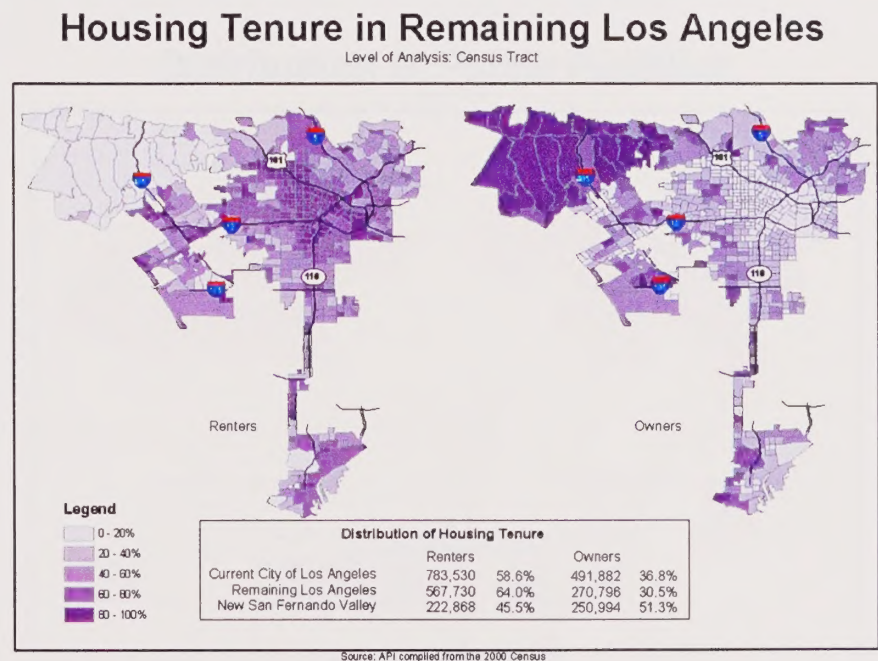


Figure 16

Discussion Points

- An increasing divide between homeowners and renters will occur in the new Valley City. The desire to enact a strong rent control ordinance is likely to be pursued by renters and opposed by owners, particularly owners of large rental complexes. Renters will be concentrated in the central portion of the city surrounded by homeowners.
- Neighborhoods with large numbers of children will be concentrated in certain sections of the new Valley City. This will likely mean that the current service delivery system will have to be revised to meet the growing needs of this population group.
- Both cities will be constrained in their ability to produce housing. The need to provide affordable housing will be a challenge for each city although Los Angeles will have a new \$100 million trust fund and a large number of non-profit housing advocates to aid its efforts.

PART THREE—LAND USE

One of the criticisms leveled by secession proponents is that the valley currently has inadequate services compared to the rest of Los Angeles. Figure 17 shows that from a land use distribution point of view, the valley will inherit public facilities fairly evenly distributed throughout the city. No discernable discrepancy patterns between Los Angeles's public service locations and those of the valley can be identified. Indeed, under the secession scenario, the valley would end up with more land use designated for public facilities than the remainder of Los Angeles (24% vs. 21%).

In a similar manner, the allocation of land use for commercial and manufacturing purposes would not change with secession. The valley would have 9% of its land use allocated for these purposes while the amount for the remaining Los Angeles would be 14.5% (see Figure 18). A key difference however, would be that in Los Angeles, manufacturing facilities would be older and often obsolete, where as in the valley, the facilities would be more modern.

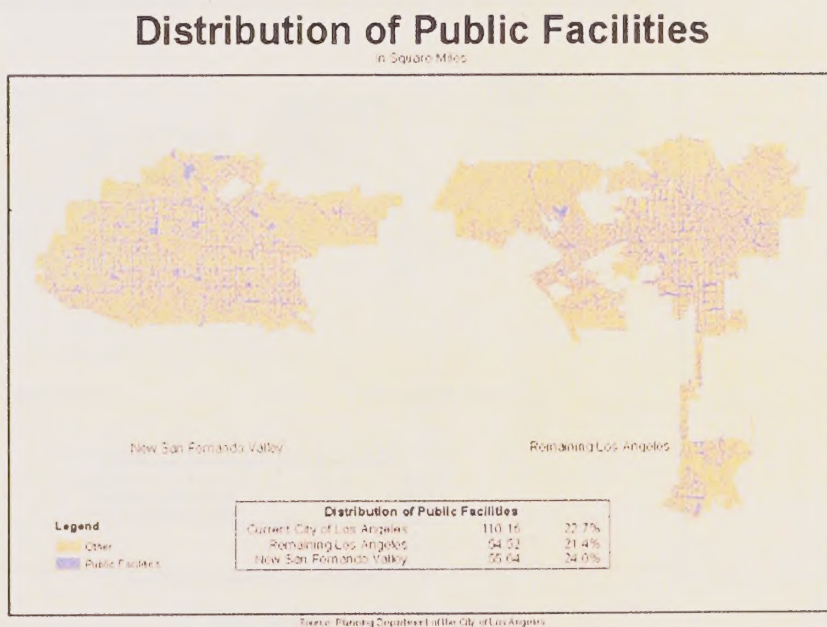


Figure 17

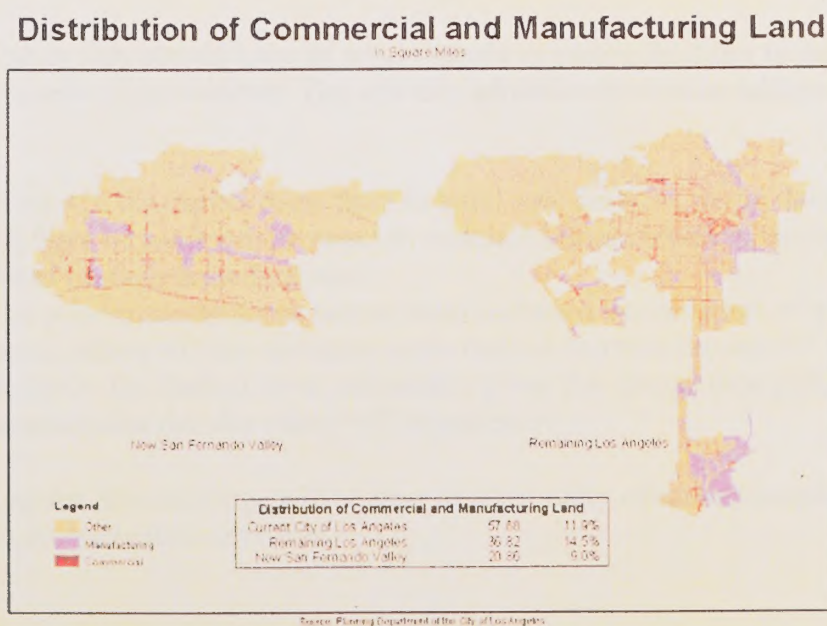


Figure 18

There would be only a slight disparity between undeveloped and park land in the valley compared to the remaining Los Angeles. The valley would have 15.5% of its land use allocated for this purpose while Los Angeles would have 22.6%, and much of this is taken up by the Santa Monica Mountains and Griffith Park (see Figure 19). From an access perspective, because of the even distribution, valley residents will have better access to parks and open space than will residents in Los Angeles.

Distribution of Parks and Undeveloped Land

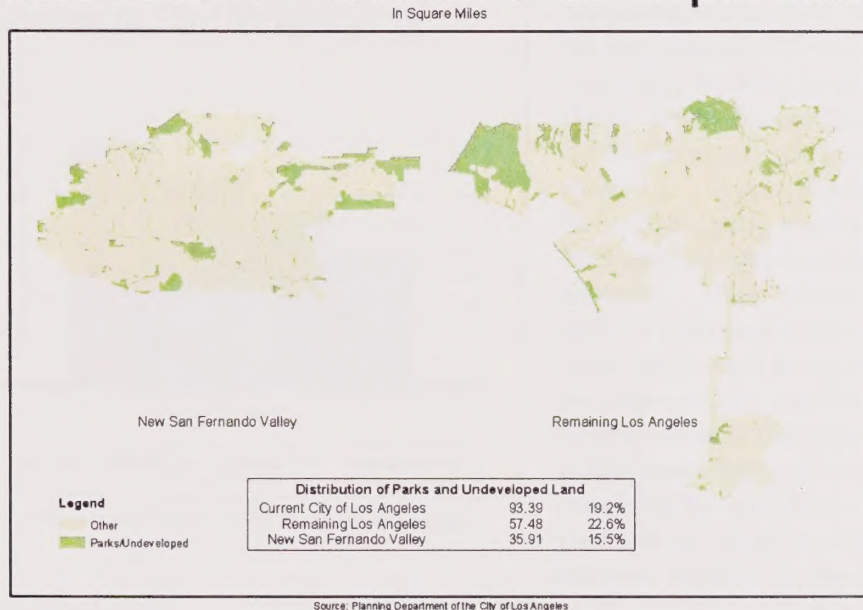


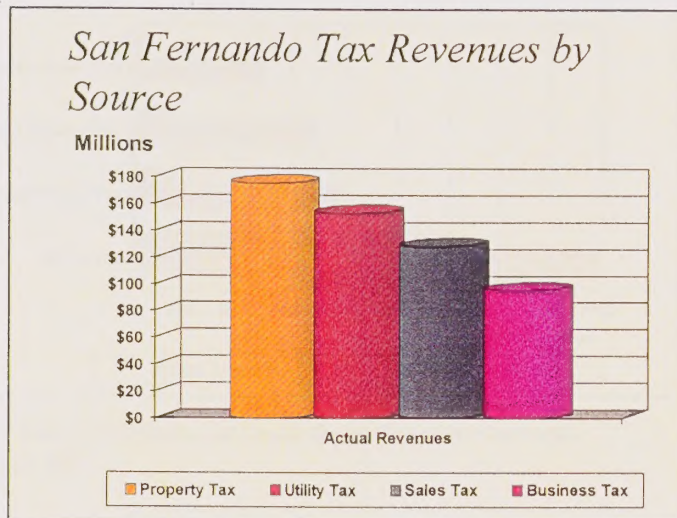
Figure 19

Discussion Points

- The new Valley City should have an ample supply of public facilities to serve the initial population needs of its residents. The new city administration must address the following questions:
 - ▶ Where will the capital come from to build new facilities in the future?
 - ▶ Will there be sufficient revenues to maintain current levels of services being offered through these facilities?
 - ▶ If the prior criticism about lack of services raised by secession proponents is correct, where will the revenues come from to increase the current level of services to the desired level particularly given the change in population characteristics that the valley will experience?
- For Los Angeles, the challenge will be how to adapt older obsolete manufacturing facilities to accommodate new uses

PART FOUR—FISCAL ANALYSIS

The four primary sources of revenue for the new Valley City will be property taxes, utility users taxes, sales taxes, and business taxes (See Figure 20). These will also be the primary sources of revenue for Los Angeles except with more revenues coming from business taxes than from retail sales tax (see Figure 21)



Source: Office of Administrative and Research Services for the City of Los Angeles

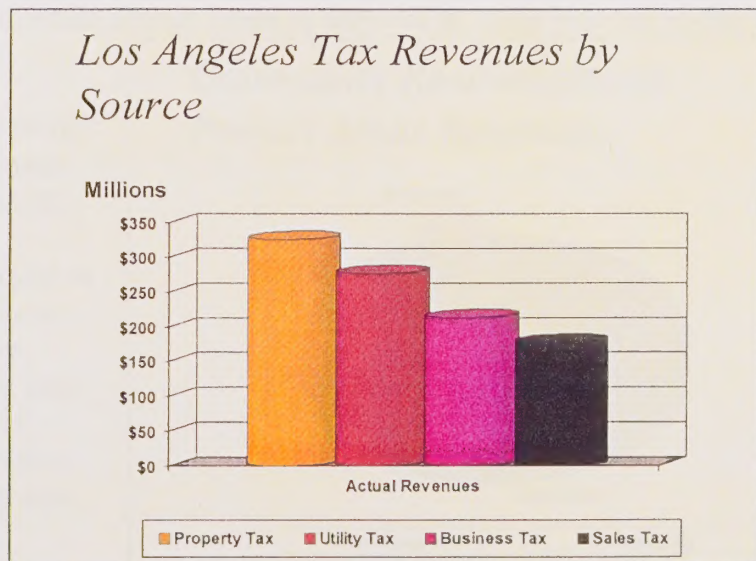
Figure 20

not have the variety of other revenue sources that Los Angeles has, e.g. enterprise income from the Department of Airports the Harbor Department, and the Department of Water and Power. Third, proponents of secession have said that they want to reduce business taxes. If this occurs another key source of revenue would be reduced for the new Valley City.

The newly formed city would have to replace this lost revenue though other sources such as new fees, higher taxes

or stimulating significant growth in retail sales. Of course, the other option to this problem would be to reduce costs. Valley proponents have already indicated that they would utilize

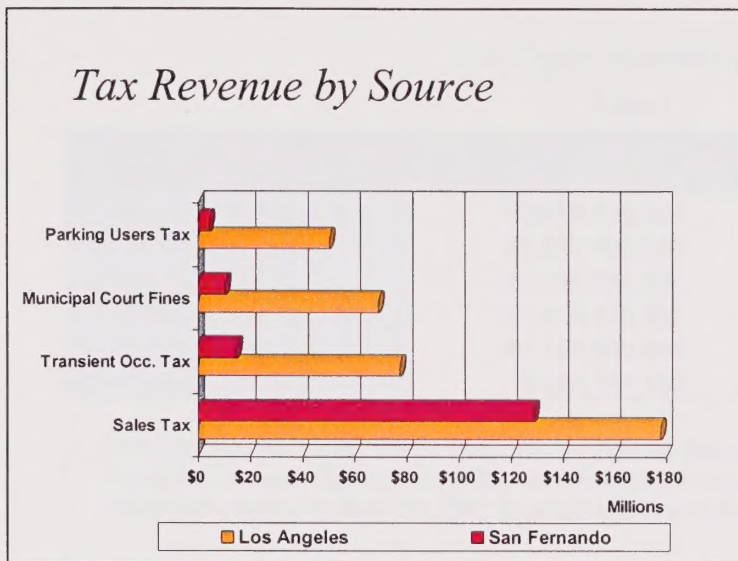
Each of these revenue sources has its own constraints. First, the property tax revenue growth rate is partly controlled by Proposition 13 revenue limits. Under Proposition 13, annual rates of property tax increases are limited to 1% (see Figure 21). Second, property values are subject to both upturns and downturns in the economy. Thus, if there were a serious downturn in the economy and home sales were to lag and be accompanied by a deflation in home prices, revenue from property taxes could conceivably decline creating problems for both cities. This problem would be more severe for the new Valley City because they will



Source: Office of Administrative and Research Services for the City of Los Angeles

Figure 21

outsourcing as a means of controlling costs. While outsourcing has proven to be an effective cost containment mechanism it also brings with it other problems. Chief among them is labor strife.



Source: Office of Administrative and Research Services for the City of Los Angeles

Figure 22

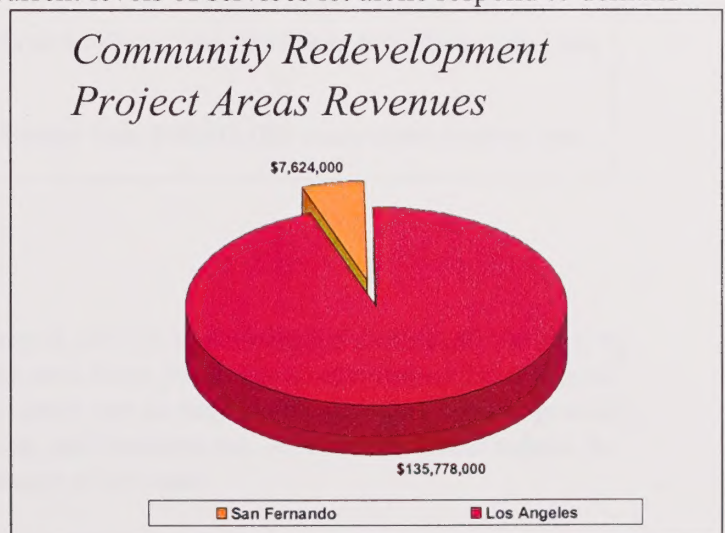
new fees or taxes resulting from secession. Furthermore, it is not at all certain that sufficient revenues could be generated from these sources to offset revenue losses from the four major contributors to the new city's general fund. To not increase revenues, however, would severely limit the ability of the new city to maintain current levels of services let alone respond to demand for more and better services.

Figure 23 shows that the new Valley City will also not derive significant revenues from current redevelopment projects. If the new city were to create new redevelopment areas it could not expect to generate new revenues from them for at least 10 years.² Break even for a new redevelopment project could take as long as 20 years. During this period the city would be obliged to subsidize operations for each new redevelopment project area.

To put the new Valley City's revenue picture into a different perspective, per capita income from cities similar in size to the new Valley City, are presented in

But equally important is that many contracting agencies do not pay prevailing wages nor do they offer their employees benefits. Thus, through a public policy action (e.g. contracting out) the new Valley City could accelerate the growth of working poor households and the number of households without access to health care.

Potential new revenue for the Valley City could come from transient occupancy taxes, municipal court fines, and the parking users tax (see Figure 22). But raising new revenues from these sources would contradict statements from proponents that there would be no



Source: Office of Administrative and Research Services for the City of Los Angeles

Figure 23

² See J. Eugene Grigsby and Jeff Caltabiano, "An Assessment of 50 years of Redevelopment in Los Angeles", report prepared for the Community Redevelopment Agency of Los Angeles, August 1998.

Table 1. On a per capita income basis, the new Valley City will have nearly the lowest per capita income to spend on services (\$776). Philadelphia would be able to spend over twice as much per capita for services compared to the new Valley City of \$1,917.00. Only San Antonio would have less per capita income of \$757.00.

Per Capita Income by City

Table 1

	Total Revenue	Population	Revenue Per Capita
Philadelphia, Pennsylvania (5)	\$2,908,496,000	1,517,550	\$1,917
New Valley City (1)	\$1,047,000,000	1,350,000	\$776
Phoenix Arizona (2)	\$1,322,921,000	1,321,045	\$1,001
San Diego, California (3)	\$1,805,375,587	1,233,400	\$1,464
Dallas, Texas (6)	\$1,326,632,666	1,188,580	\$1,117
San Antonio, Texas (4)	\$ 866,797,168	1,144,646	\$757

1. LAFCO, San Fernando Valley Proposal for Special Reorganization, Comprehensive Fiscal Analysis, January, 2002 (p12) (2002-04) Valley City Projected Budget minus 127.1 million mitigation payment), May 20, 2002 Executive Officers' Report 2. Expenditures and Resource Summary (less Enterprise Revenue of 694,606,000) 2000-2001 Estimated Revenue, www.ci.phoenix,az.us/Budget/01budexp.html 3. Fiscal Year 2001-02, San Diego, Adopted budget (adjusted revenue reflecting reduction for: water \$269.7 million, sewer \$259.1 million, airport \$3.3 million) 4. City of San Antonio annual budget for Fiscal Year 2001-02 (less utility revenue of \$190,727,549) 5. Philadelphia Mayor's Operating Budget in Brief for Fiscal Year 2003 (less \$18,000 for gas utility tax) 6. Dallas, TX Proposed Fiscal Year 2002-03 Budget (less \$19,919,055 storm water revenue and \$371,385,862 water utility revenue)			
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Discussion Points

- Los Angeles County Formation Agency (LAFCO) has concluded that a new Valley City would be economically viable over the next three years. Because revenues from current sources would continue at roughly the same rate as they have in the past. This is probably not warranted for property tax, sales tax, and business tax. A recession could reduce the rate of return for all these primary sources of revenue.
- Secession proponents have vowed to reduce business taxes. If this occurs, then the new city will have to impose new taxes and/or fees or drastically reduce services.
- For Los Angeles, future revenue growth will be adversely impacted as a result of Valley secession.

- Over the next 20 years, the new Valley City will have to pay Los Angeles \$128 million a year (declining 5% per year) as a condition of secession.
- The new Valley City will have to pay DWP 5% of water and 7% of power utility tax revenues per year until all bonds are returned. These bonds will be returned in the year 2042 for water and 2032 for power.
- Compared to other cities of this size, the new Valley City will have the lowest per capita income to spend on services.
- Currently Los Angeles spends \$1,125.00 per person in services. The new Valley City would have \$776.00 per capita to spend on services while the remaining Los Angeles could spend \$1,327.00 per capita for services.

PART FIVE—BUSINESS CLIMATE ANALYSIS

An assessment of the business climate consists of examining the location of the highest assessed properties, largest private companies, fastest growing private companies, largest technology companies, fastest growing technology companies, largest aerospace subcontractors, most profitable public companies, largest financial institutions (banks, security brokers, venture capital firms, and SBA

lenders), largest minority owned businesses, colleges and universities, and where local neighborhood improvements have been targeted. (For a listing of firms and specific project activities, see Appendices B-R)

Figure 24 shows that the majority of the highest assessed properties would be located in the remaining Los Angeles compared to the new Valley City.

The distribution of the largest private companies and employers can be found in Figures 25 & 26. Over twice as many of these companies would be located in the remaining Los Angeles compared to the new Valley City.

Similarly, more of the fastest growing private companies would be located in the remaining Los Angeles compared to the new Valley City (see Figure 27).

Highest Assessed Properties

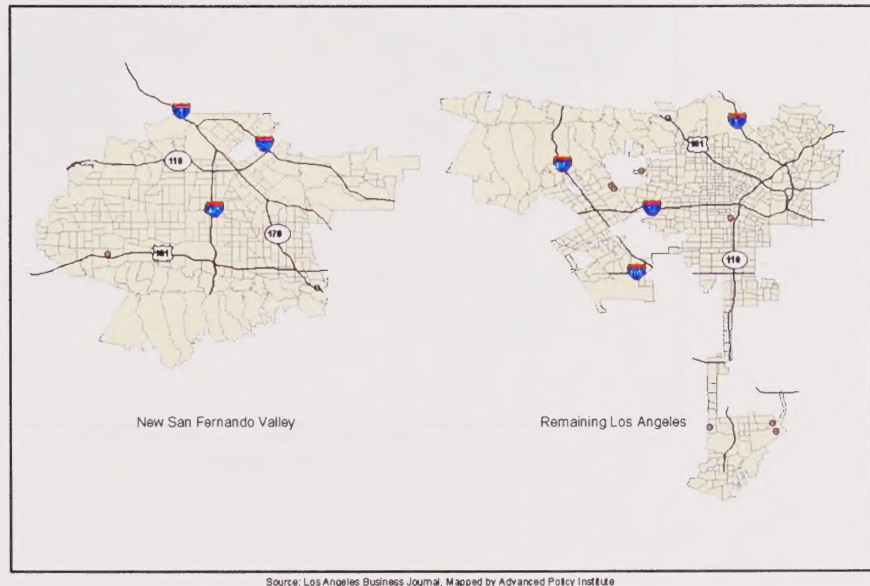


Figure 24

100 Largest Private Companies

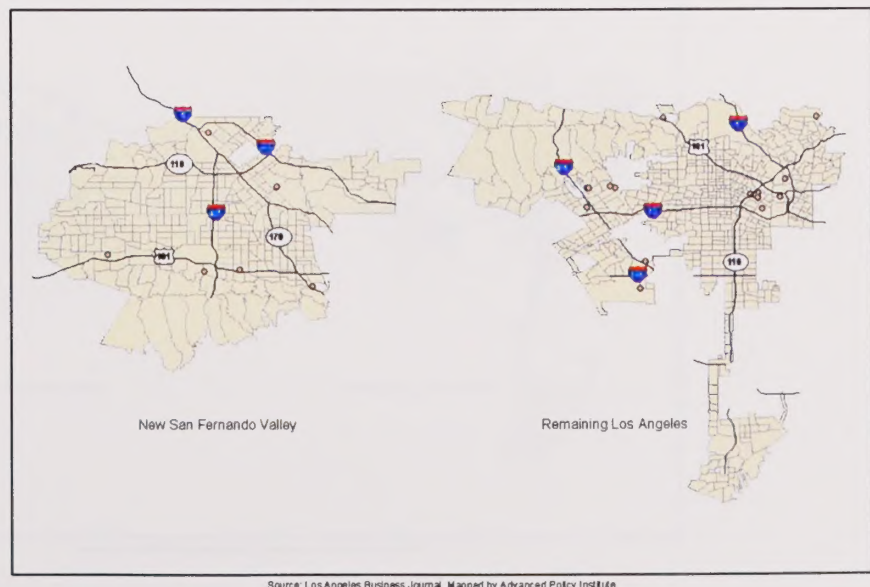
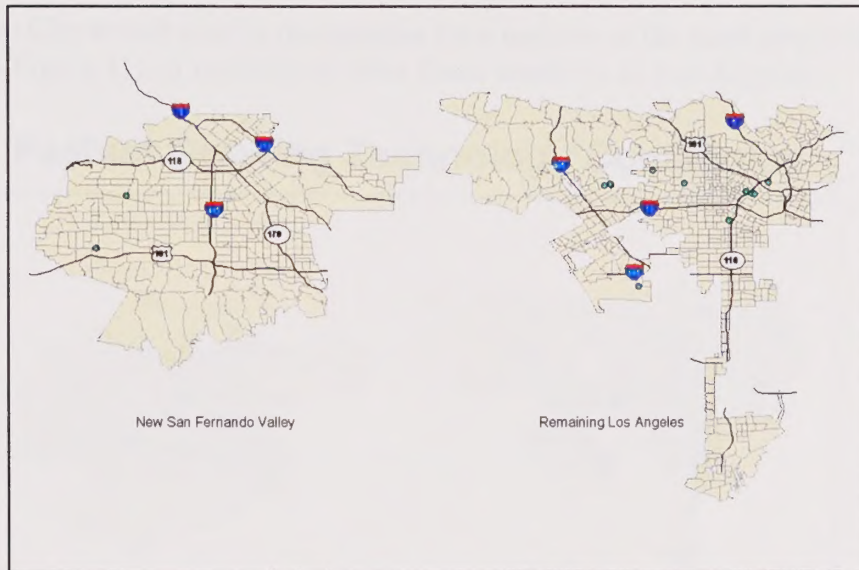


Figure 25

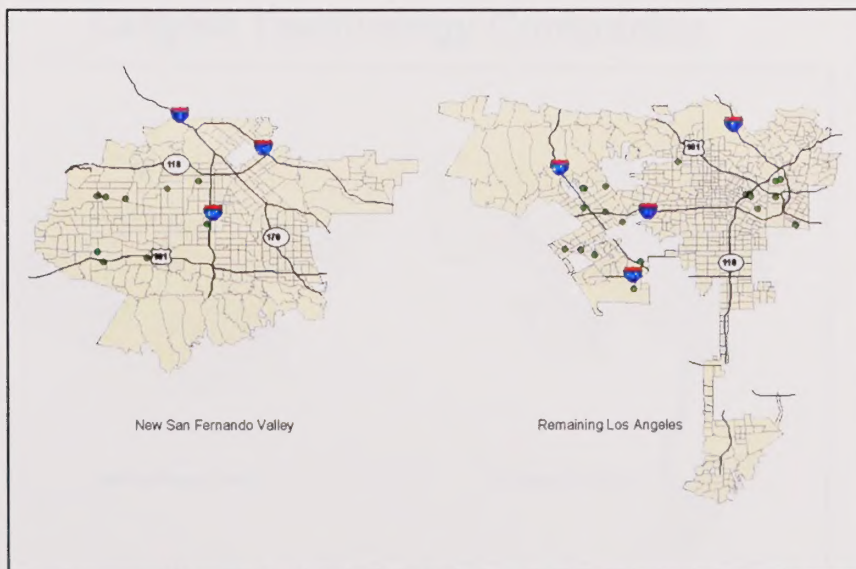
Largest Private Employers



Source: Los Angeles Business Journal, Mapped by Advanced Policy Institute

Figure 26

Fastest Growing Private Companies



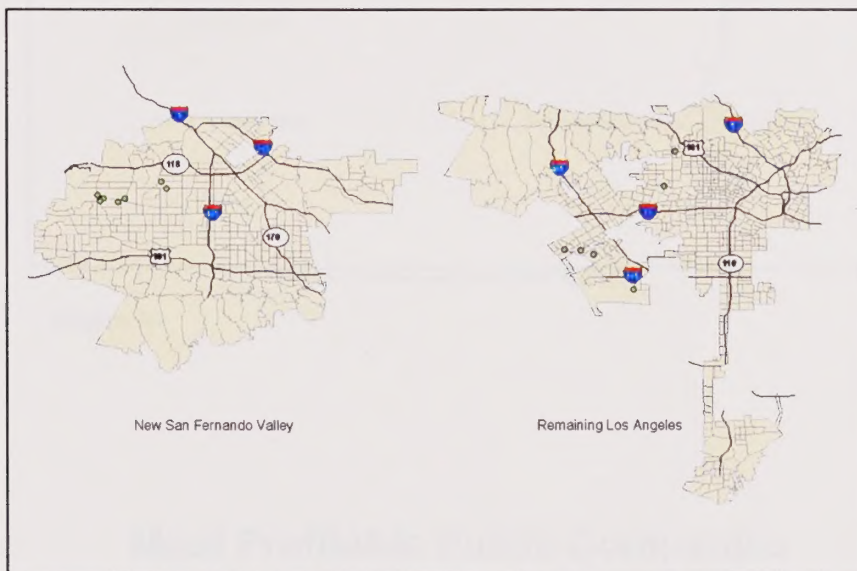
Source: Los Angeles Business Journal, Mapped by Advanced Policy Institute

Figure 27

The new Valley City would have slightly more of the largest and fastest growing technology companies compared to the remaining Los Angeles (see Figures 28 & 29), but the LA companies would generate significantly more revenues. The distribution of the largest aerospace subcontractors is shown in Figure 30. Virtually all of these firms would be located in the new Valley City.

The new Valley City would also be the location for a number of the most profitable companies in the region (see Figure 31). A majority of these firms would be in Los Angeles.

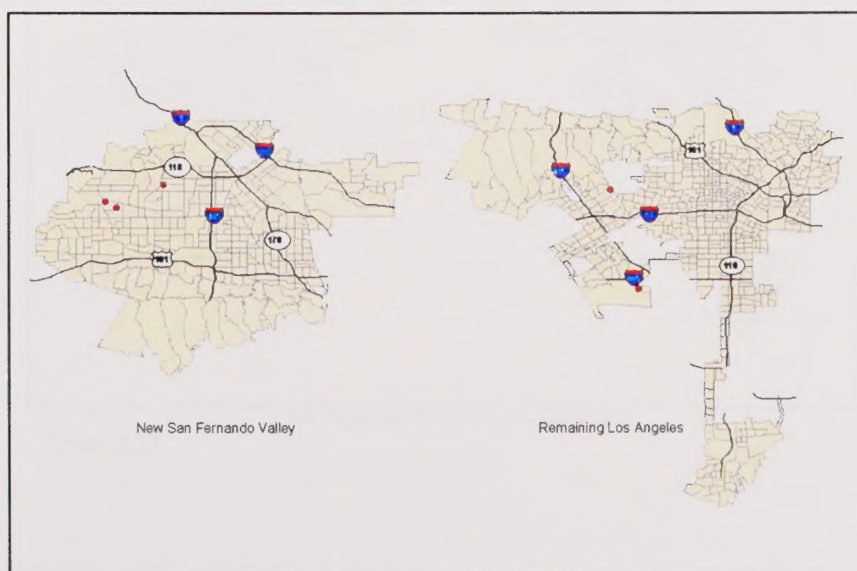
Fastest Growing Technology Companies



Source: Los Angeles Business Journal, Mapped by Advanced Policy Institute

Figure 29

Largest Technology Companies



Source: Los Angeles Business Journal, Mapped by Advanced Policy Institute

Figure 29

Largest Aerospace Subcontractors



Figure 30

Most Profitable Public Companies

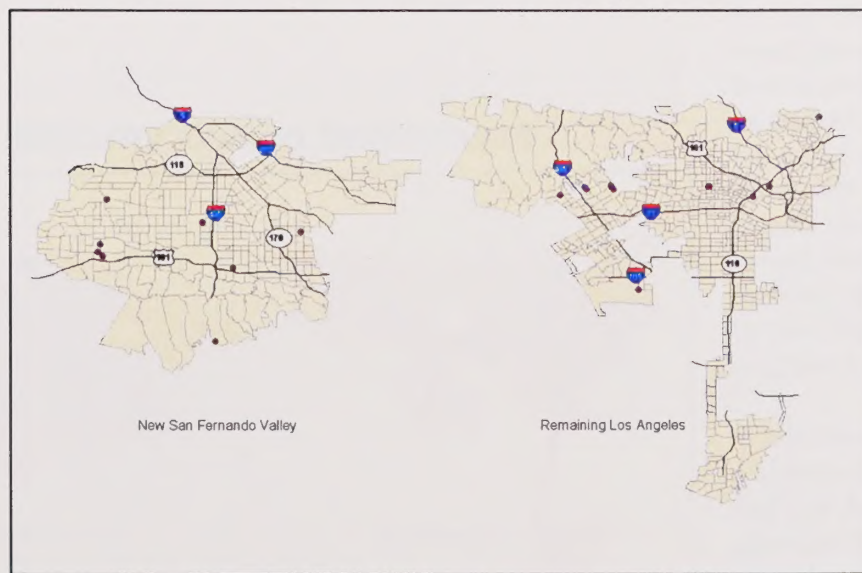
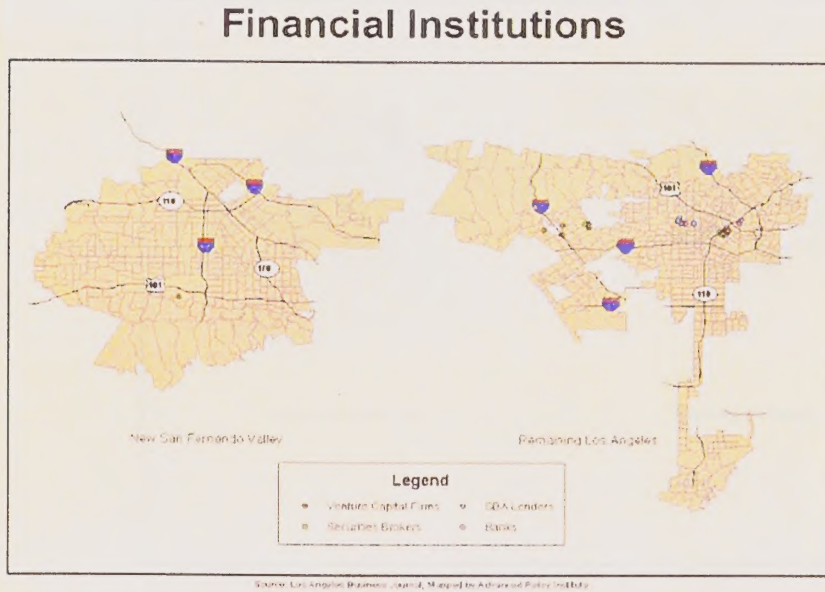


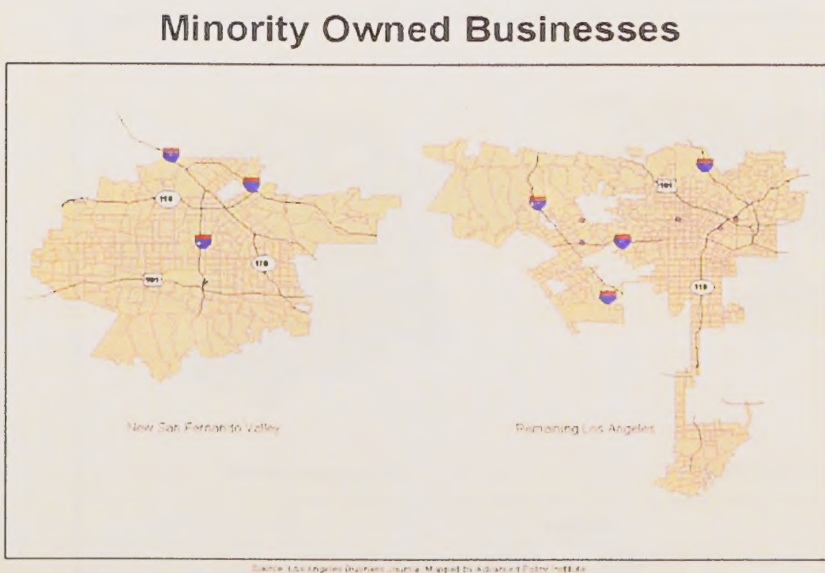
Figure 31

In terms of large minority owned firms, only one would be located in the new Valley City. The remainder of firms would be located in Los Angeles (see Figure 33).



As for concerted efforts to target programs for community and economic development, the new Valley City would have to decide how to proceed. Based on current activities, Figure 35 shows that the areas with the highest density housing and lowest income, are currently being targeted by the City of Los Angeles for assistance.

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services, e.g. low-income, concentrated poverty, or senior citizen status. In the past there have not been large concentrations of low-income populations or poverty census tracts that qualify for these types of services in the new Valley City. The future will certainly see more areas of the valley meeting these criteria.

Colleges and Universities

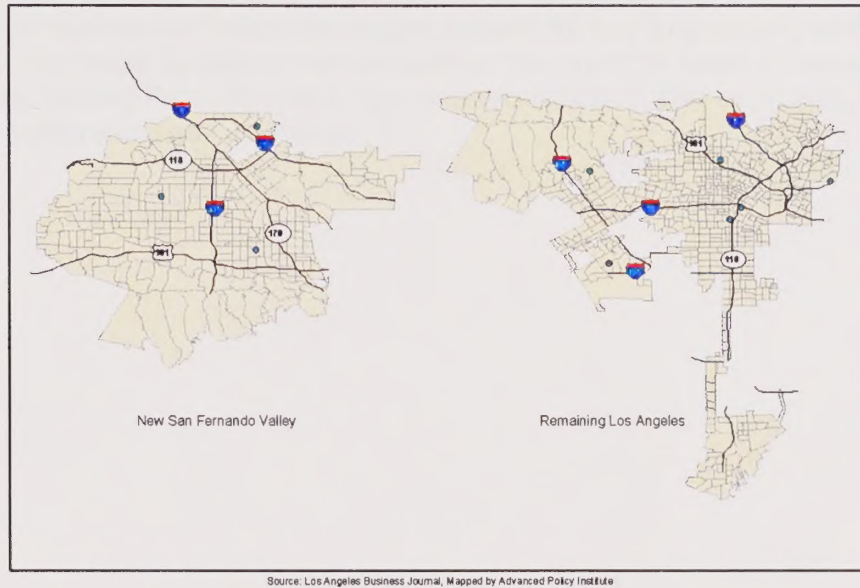


Figure 34

Target Areas for Local Neighborhood Improvements

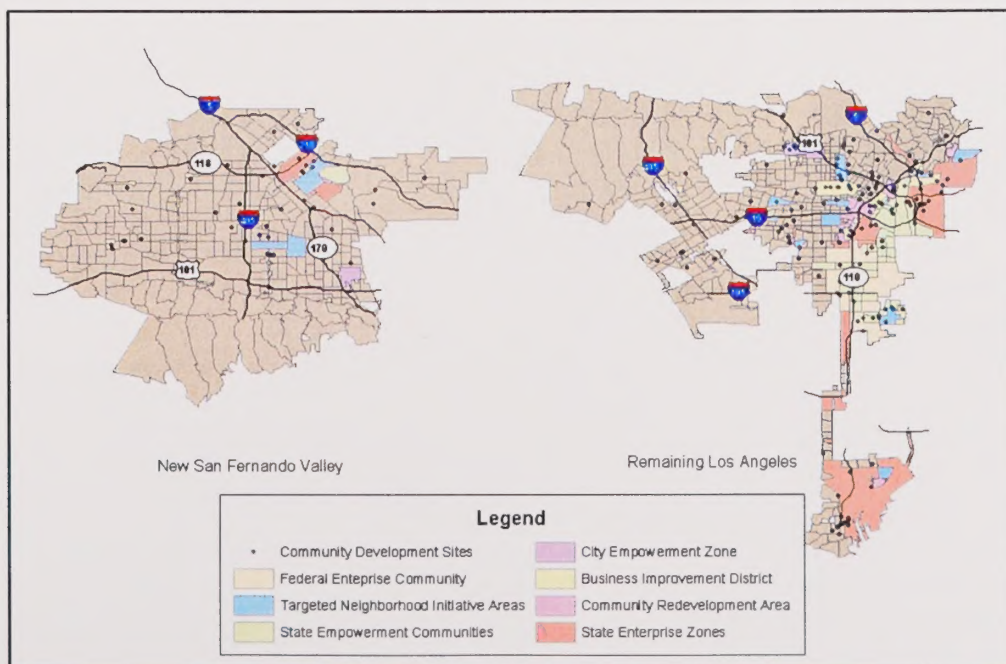


Figure 35

Discussion Points

- From a business perspective, in the short term, the new Valley City could be perceived as a desirable place for business growth. This will be particularly true for technology-oriented firms.
- The remaining Los Angeles, will continue to be the location for most of the regions financial institutions. Perhaps the largest concern for Los Angeles will be that the new Valley City might be able to position itself as “the place” to locate if you are a growing business looking for a city with a “pro business climate.” This could hurt Los Angeles in its own efforts to attract new firms.

PART SIX—POLITICAL ANALYSIS

As would be expected, significant concentrations of voting age populations of the various ethnic groups coincides with their residential locations. Thus the Anglo voting strength is concentrated in the southern, western, and far eastern portions of the new Valley City (see Figure 36). Within

the remaining Los Angeles, Anglo voting strength would clearly be concentrated in the Westside, Hollywood, Los Feliz and the San Pedro area.

For African Americans there would be no concentration of voting strength within the new Valley City (see Figure 37). With only 4.5% of the population and constituting only 6% of all registered voters, the African

Anglo Voting Age Population

Level of Analysis: Census Tract

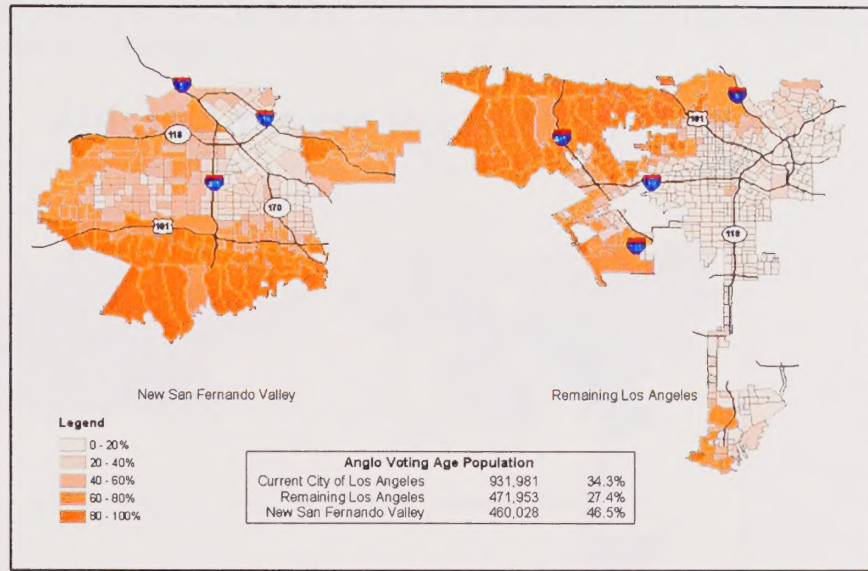


Figure 36

African American Voting Age Population

Level of Analysis: Census Tract

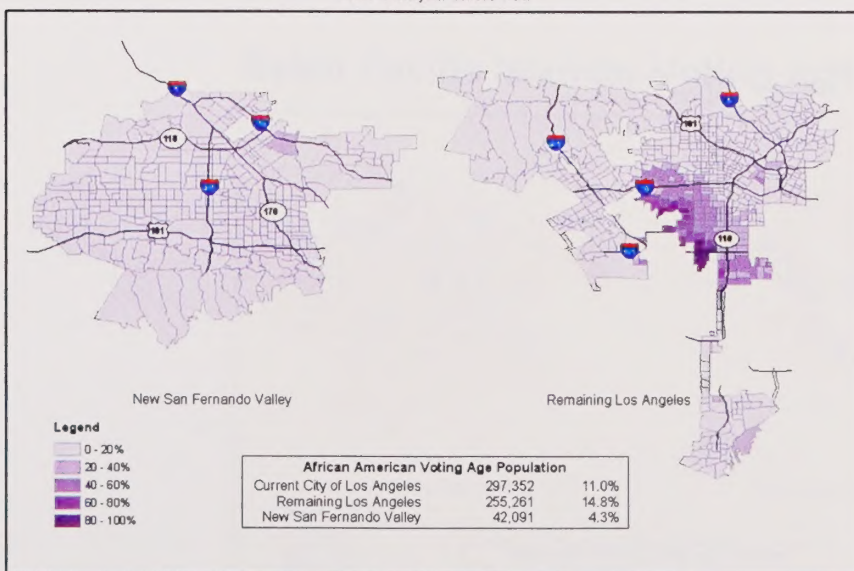


Figure 37

American vote will not be particularly influential in any of the newly created 14 council districts in the valley. Within the remaining Los Angeles, the African American voting concentration would be geographically smaller than it is today. Thus, when the 14 new council districts are drawn as a result of secession one can only wonder to what extent these new districts will increase the potential effectiveness of the African American vote. Even though up to three new council districts with sizable

African American voting populations could be created, it is unlikely African Americans will increase their power over the long term even though they may be able to retain their numbers on the city council for another term or two. However, the African American vote will continue to be strategic on some key citywide issues or political races (see Figure 38).

Because Asian Pacific Islanders are distributed across several different areas within the new Valley City and the remaining Los Angeles, there is little likelihood that their political position can be advanced through secession (see Figure 39). This is a similar situation that exists today for Asian Pacific Islanders in Los Angeles.

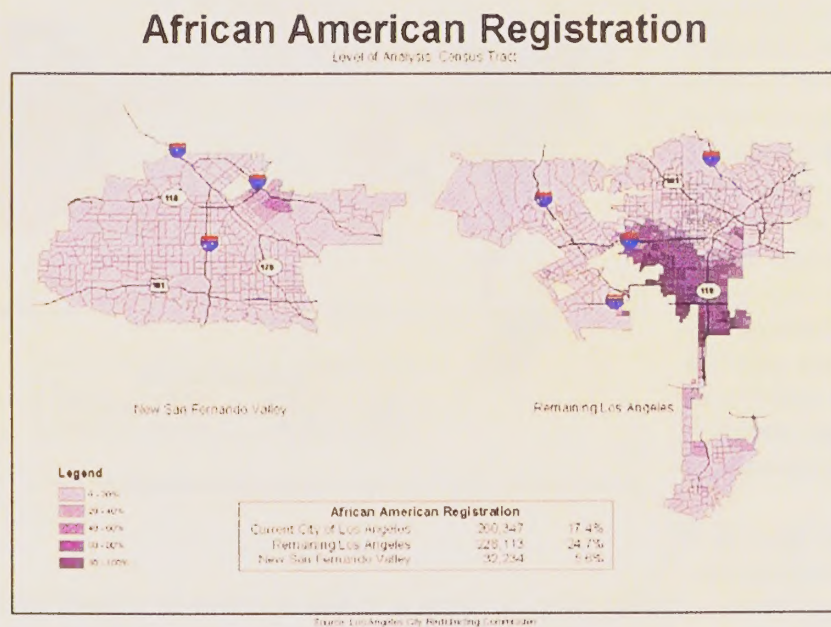


Figure 38

Asian Pacific Islander Voting Age Population

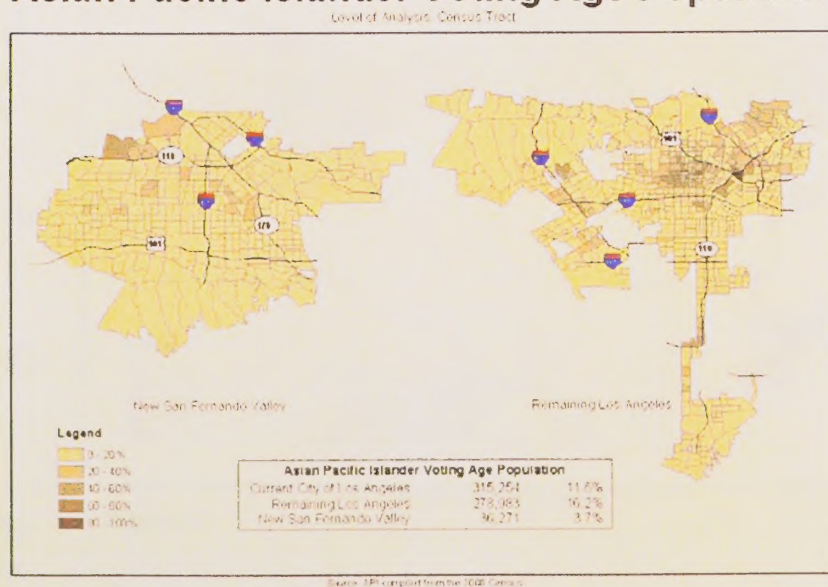


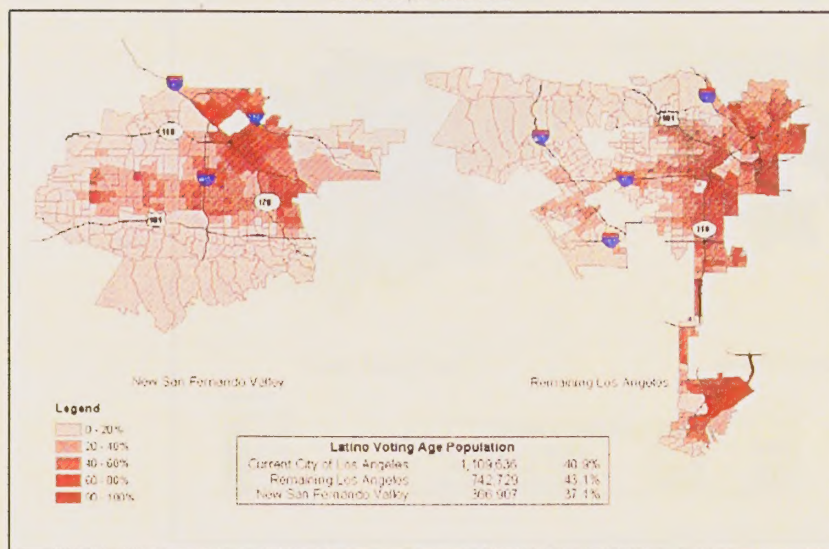
Figure 39

The Latino population clearly stands to potentially gain politically through secession. Given the demographic trends presented earlier, this population group will continue to grow in both the valley and the remaining Los Angeles. Some argue that currently a sizable portion of this population is not of voting age. Focused voter registration efforts will steadily increase the number of Latino registered voters in the years ahead. When this happens, Latinos as a voting

block will have significant leverage in both the new Valley City and the remaining Los Angeles (See Figure 40). Figure 41, shows that Latino voter registration is low compared to the actual size of the Latino population. In the new Valley City 37% of the Latino population is of voting age, but only 19% are registered voters. It will only be a matter of time before the number of Latino registered voters dramatically increases.

Latino Voting Age Population

Level of Analysis: Census Tract



Source: LPI compiled from the 2000 Census

Figure 40

If all three ethnic groups were to form coalitions

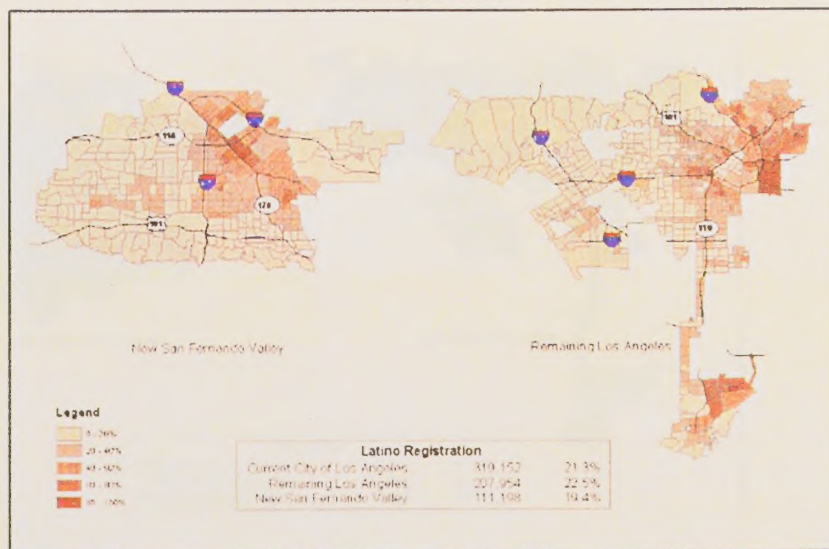
on key policy issues, there is no question that they could be quite effective in having legislation passed regularly.

History suggests that this may not happen very often. However, it is certain that coalition politics will be the rule of the day for a Valley City and the remaining Los Angeles with or without secession (see Figures 42).

Figures 43 & 44 present the results of the last mayoral election. Fifty-five percent of valley residents voted for Jim Hahn. Only 48% of the remaining Los

Latino Registration

Level of Analysis: Census Tract



Source: Los Angeles City Redistricting Subcommittee

Figure 41

Angeles voters cast their ballots for the mayor. The west valley and south central Los Angeles were two places that Mayor Hahn did extremely well. Antonio Villaraigosa’s strongest support came from the east valley and from west and east Los Angeles.

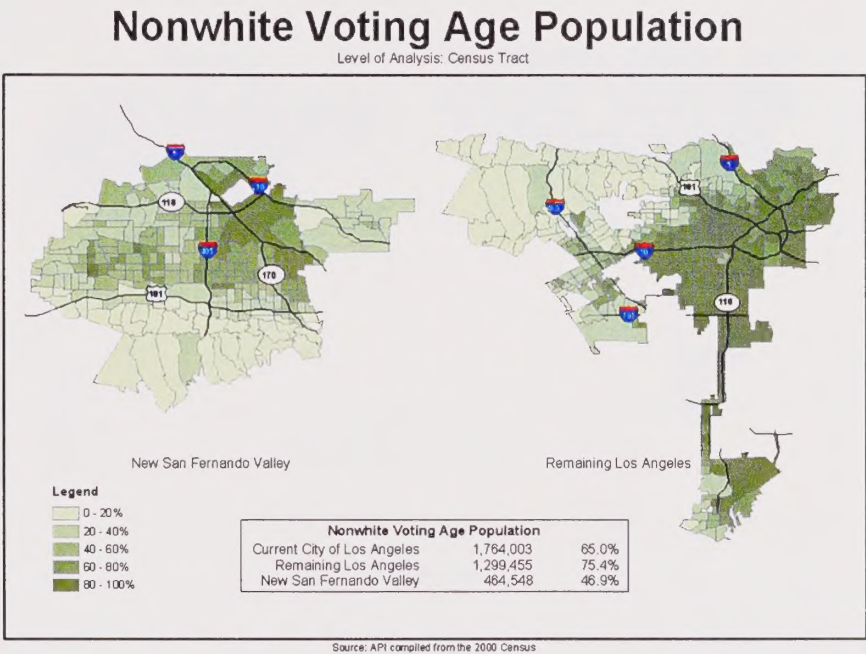


Figure 42

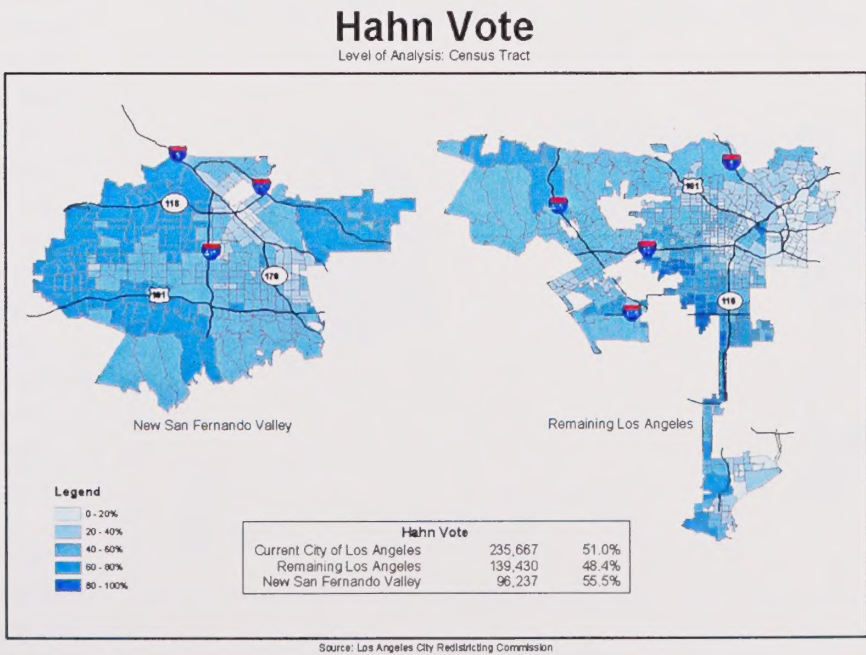


Figure 43

Villaraigosa Vote

Level of Analysis: Census Tract

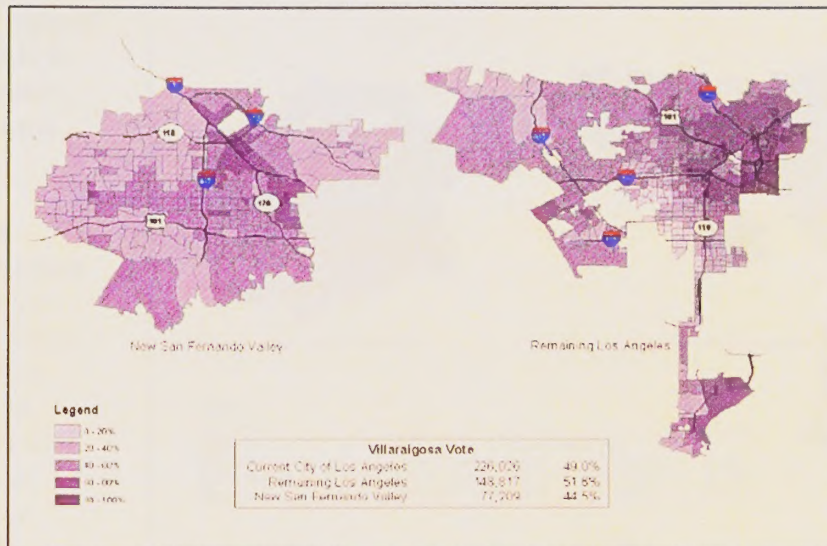


Figure 44

A number of secession supporters mistakenly believe that if they are successful their children will not have to go to a LAUSD school. This is not the case. Others argue that after secession, the new city will immediately move to create its own school district. They might try but whether they will be successful remains to be seen. Past initiatives (i.e. Propositions 26 and 38) provide some insight into the views of both the Valley City residents and Los Angeles residents toward the current school system.

Support for school bonds was stronger in Los Angeles than in the valley (54% vs. 34%). Within the

Yes on Proposition 26 - School Bonds

Level of Analysis: Census Tract

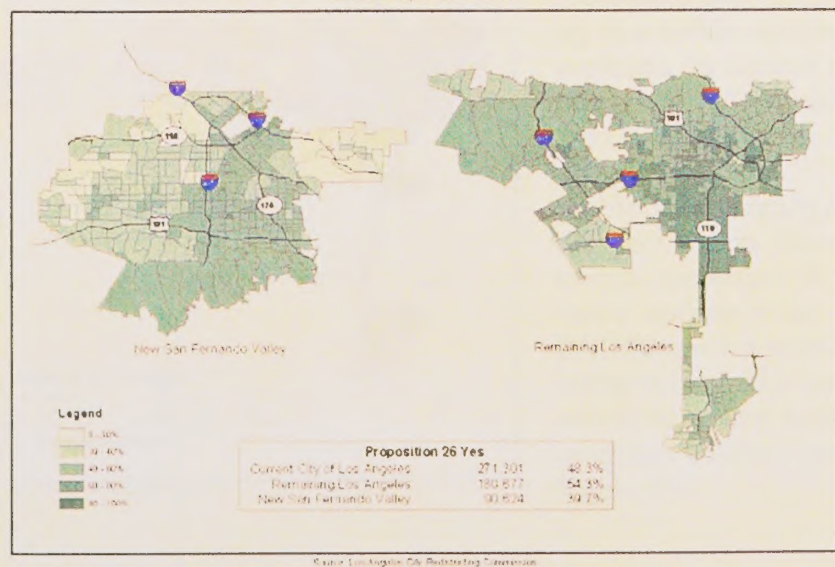


Figure 45

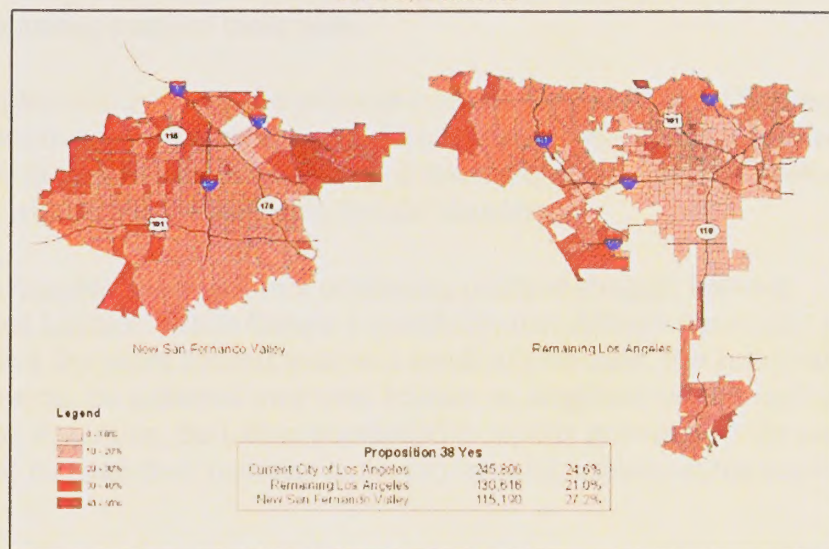
valley the support for school bonds was strongest in the east valley (see Figure 45). The strongest support for school bonds in Los Angeles came from south central Los Angeles.

While the total support for vouchers was relatively low overall (25%) valley voters were more likely to support vouchers (27% vs. 21%) than were residents of Los Angeles (see Figure 46).

Figure 46

Yes on Proposition 38 - School Vouchers

Level of Analysis: Census Tract

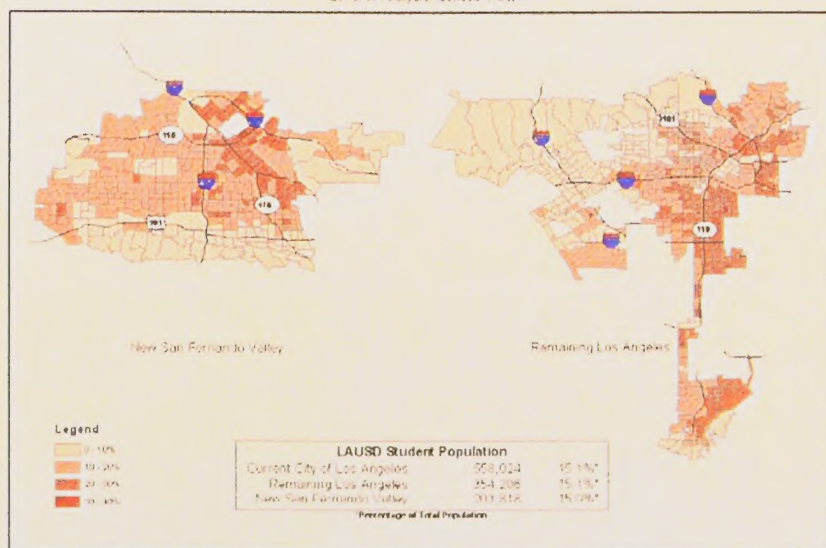


Source: Los Angeles City Redistricting Commission

Figure 47

LAUSD Student Population

Level of Analysis: Census Tract



Source: Los Angeles City Redistricting Commission

Without doubt, people in the valley and Los Angeles have strong concerns about the state of LAUSD. People in Los Angeles seem to be much more inclined to want to try to solve the existing problems. In contrast to a number of valley residents who seem to want to escape from these problems by creating a different system. Given the current enrollment of valley students in the LAUSD one has to wonder where parents who want out of the system would send their children (see Figure 47).

Discussion Points

- Political change will occur in California with or without secession. With secession, however, the change process will be accelerated because 14 council districts will be created and the new Valley City will have its own Mayor. Over time, Latinos have a good possibility of capturing many of these seats.
- In the short term, Anglos will dominate the political arena of the new Valley City because of the low voter registration rates among Latinos. African Americans, on the other hand, will have a very difficult time being elected to any of the newly created council seats or as Mayor. The same will be true for the Asian Pacific Islanders.
- In the remaining Los Angeles, there will be a continuing political struggle between African Americans and Latinos. While there is a possibility that African Americans in the short run may gain a few more council seats as a result of secession, it is not at all certain that these gains can be sustained over time because in neighborhoods, which were predominately African American, the Latino population is rapidly growing. At the same time, Latinos will also increase their numbers in the city council, initially at the expense of Anglos.
- As a result of secession, no matter who is in power, there will be the persistent problem of how to generate sufficient resources to satisfy the service needs of all the city's residents. Both the new Valley City and Los Angeles will struggle with this issue for decades.

CONCLUSION

Proponents of valley secession believe that a smaller Valley City will be able to offer residents better services, lower taxes, greater control over growth and development, more efficiency in the use of resources and better representation from elected officials.

It is true that valley secession will result in a smaller city. But size is relative. The new Valley City will be the 6th largest city in the United States and will more resemble Philadelphia, Houston or Dallas, than it would suburban cities of 100,000 or less. The new Valley City will have less to spend on a per capita basis than all but one of the other five cities similar in size. As the 6th largest city in America, the new Valley City will immediately assume all the characteristics of older cities that have struggled for decades to solve problems that it will be expected to solve immediately. The most pressing of these include how to cope with rapid demographic change (e.g. a declining Anglo population, growing numbers of elderly and poor households), a shortage of affordable housing, increasing traffic congestion, air pollution, and energy shortages. Equally challenging will be how to deal with a rapidly changing economy, one that relies more and more on the service sector and information technology for job creation than it does on traditional heavy manufacturing. It is a fact that in Southern California the employment base has shifted from large companies with 1000 or more employees to smaller firms with less than 50 workers. This means economic development will greatly depend on attracting and retaining smaller employers. Virtually every other metropolitan area in America that is similar in size to the proposed new Valley City is facing these problems, to which solutions are made even more difficult by raising costs and declining revenues.

Nothing presented in this report suggests that the fate of a new Valley City will be different from other cities like it. Indeed this report strongly suggests that a new Valley City will be, at best, revenue constrained, while costs for running the new and complex entity will continue to escalate—not decline. Unanticipated legal expenses alone could pose a significant threat to the fiscal solvency of the new city.

To address problems of revenue constraint, the new city will have to raise fees, taxes, and/or cut services. Those who lose services will be just as disgruntled as current valley residents who believe they are currently underserved. The promise to cut and lower business taxes, if carried out, will aggravate the city's financial problems. Cost cutting, in the form of contracting out, will result in increasing the number of working poor and the number of households with limited or no access to healthcare. The result will be to create a climate that, over time, the business community will deem to be unhealthy—the very opposite of what is intended by proponents of a new city.

The newly elected Valley City council will try to be responsive. But their responses might not be what proponents envision. In addition to raising fees and taxes, many on the new council will want to enact land use laws and other incentives to attract big box retailers and auto mall dealerships. Why? Because, these are the only proven sources of new revenues that cities in California can count on to replace lost revenues because of Proposition 13 limits. Some new council members may also push for strong rent control laws because renters will ultimately outnumber homeowners in the new city.

Do these actions resemble those of the Los Angeles city council over the past decade? You bet. Because for over two decades, Los Angeles has been trying to cope with issues and problems, which the new Valley City will have to address overnight.

The only winners from valley secession will be the first group of elected officials and their backers. It is this group that will have the power to enact new laws and shape the future of the new Valley City. But if the new city is true to its stated values, then it will begin by enacting term limits. So the first council will have four to eight years to try and do what no other council in a city of this size has been able to achieve—solve very difficult problems with limited resources. The losers will be the second wave of elected officials who will have to deal with the realities of solving intractable problems. This group will realize that the adverse consequences of Proposition 13, which have yet to be overcome by other cities in California, have also helped to seal their fate. The other losers will be the residents and business owners of the new city who will have to cope with the irreversible damages and new challenges caused by secession.

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APPENDIX A

Revenue (% of General Fund)	San Fernando Valley Per Capita Income		Los Angeles Per Capital Income		Total
Property Tax (18%)	\$ 175,452,243	\$ 144.77	\$ 325,839,879	\$ 143.37	\$ 501,292,122
Utility Users Tax (18%)	\$ 153,323,257	\$ 126.51	\$ 276,435,743	\$ 121.63	\$ 429,759,000
Business Tax (11%)	\$ 95,484,014	\$ N/A	\$ 212,528,935	\$ N/A	\$ 308,012,949
Sales Tax (11%)	\$ 12,867,040	\$ 10.62	\$ 177,688,580	\$ 78.18	\$ 306,359,620
State Motor Vehicle License Fees (6%)	\$ 57,350,557	\$ 47.32	\$ 106,508,176	\$ 46.86	\$ 163,858,733
Transient Occupancy Tax (3%)	\$ 14,743,767	\$ 12.17	\$ 77,404,776	\$ 34.06	\$ 92,148,543
Municipal Court Fines (3%)	\$ 10,311,985	\$ 8.51	\$ 69,010,980	\$ 30.36	\$ 79,322,965
Parking Users Tax (2%)	\$ 4,374,752	\$ 3.61	\$ 50,309,643	\$ 22.14	\$ 54,684,395
Interest (1%)	\$ 10,860,626	\$ 8.96	\$ 22,050,363	\$ 9.70	\$ 32,910,989
Franchise Income (2%)	\$ 12,066,386	\$ 9.96	\$ 19,567,614	\$ 8.61	\$ 31,634,000
Civic Center Parking Income (<1%)	\$ -	\$ -	\$ 2,209,312	\$ 0.97	\$ 2,209,312
Transfer from Telecomm. Dev. Account (<1%)	\$ 748,599	\$ 0.62	\$ 959,401	\$ 0.42	\$ 1,708,000
Transient Shelter Income (<1%)	\$ 421,364	\$ 0.35	\$ 855,497	\$ 0.38	\$ 1,276,861
Residential Dev. Fee (<1%)	\$ 249,268	\$ 0.21	\$ 697,429	\$ 0.31	\$ 946,697
Los Angeles Mall Rental Income (<1%)	\$ -	\$ -	\$ 501,702	\$ 0.22	\$ 501,702

Source: Los Angeles Business Journal

APPENDIX B

HIGHEST ASSESSED PROPERTIES

Company	Rank	Assessed Value
Remaining Los Angeles		
J. Paul Getty Center	1	\$1,953.3 million
Ultramar Refinery	7	\$684.1 million
University of Southern California	8	\$488.1 million
Universal Studios Hollywood/CityWalk	10	\$463 million
Cedars Sinai Medical Center	11	\$454.2 million
Texaco Refinery	13	\$433.1 million
Tosco Refinery	14	\$427.4 million
SunAmerica Center	20	\$273.9 million
Fox Plaza	22	\$257.7 million
Total Assessed Value		\$5,434.8 million
New San Fernando Valley		
Anheuser Busch Brewery	6	\$719.7 million
Universal Studios Hollywood/CityWalk	10	\$463 million
Kaiser Foundation Hospital	21	\$268.3 million
Total Assessed Value		\$1,451 million
Los Angeles Today		\$6,885.8 million

Source: Los Angeles Business Journal

APPENDIX C

LARGEST PRIVATE COMPANIES

Company	Rank	Revenue
Remaining Los Angeles		
Capital Group Companies Inc.	1	\$4,500.0 million
Cook Inlet Energy Supply	5	\$2,100.0 million
AECOM Technology Corp.	10	\$1,403.0 million
DreamWorks SKG	12	\$1,242.0 million
Topa Equities Ltd.	16	\$866.0 million
Platinum Equity	19	\$792.0 million
Roll International Corp.	24	\$700.0 million
Pacific Holding	26	\$680.0 million
Ohanian Viken	51	\$280.0 million
Peck/Jones Construction Corp.	57	\$228.8 million
Ben Myerson Candy Co.	58	\$210.0 million
Wedbush Morgan Securities Inc.	59	\$207.0 million
Bergelectric Corp.	64	\$180.0 million
E * Capital Corp.	66	\$177.8 million
C.W. Driver Contractors	68	\$172.6 million
AmericanTours International Inc.	77	\$140.0 million
ColorGraphics Inc.	79	\$138.0 million
Ross Swiss Dairies	83	\$130.0 million
Total Revenue		\$15,746.6 million
New San Fernando Valley		
DreamWorks SKG	12	\$1,242.0 million
PMC Global Inc.	15	\$877.0 million
Sunkist Growers Inc.	18	\$846.7 million
El Camino Resources	21	\$750.0 million
Tutor-Saliba Corp.	23	\$725.8 million
Galpin Motors Inc.	28	\$654.9 million
Outrigger Lodging Services	97	\$105.0 million
Total Revenue		\$17,627.7 million
Los Angeles Today		\$33,374.3 million

Source: Los Angeles Business Journal

APPENDIX D

LARGEST PRIVATE EMPLOYERS

Company	Rank	Employees
Remaining Los Angeles		
Ralphs Grocery Co.	3	16,983
Bank of America	5	11,535
Pacific Bell	7	9,753
ABM Industries Inc.	8	9,200
University of Southern California	9	9,171
Northrop Grumman Corp.	10	8,700
Federated Department Stores Inc.	11	7,400
Medical Management Consultants Inc.	13	6,521
Sempra Energy	17	5,099
Farmers Insurance Group	20	3,622
Aerospace Corp.	23	2,850
Total Number of Employees		90,834
New San Fernando Valley		
Washington Mutual F.A.	16	5,211
WellPoint Health Networks Inc.	22	2,981
Health Net Inc.	25	2,500
Total Number of Employees		10,692
Los Angeles Today		101,526

Source: Los Angeles Business Journal

APPENDIX E

FASTEST GROWING PRIVATE COMPANIES

Company	Rank	Revenue Growth
Remaining Los Angeles		
Adexa Inc.	3	372.7%
Imagistic	4	337.5%
Genex	9	190.0%
Guidance Solutions	11	158.5%
Crest National Digital Media Complex	22	124.2%
Cook Inlet Energy Supply	24	112.1%
Team One Staffing Services Inc.	29	83.3%
Y.M.L.A. Inc.	32	73.5%
Jules and Associates Inc.	34	70.2%
Peck/Jones Construction Corp.	41	66.8%
AECOM Technology Corp.	44	63.3%
Technical Connections Inc.	66	36.0%
Direct Partners	69	33.7%
Pacific Holding	76	29.5%
E * Capital Corp.	79	28.2%
Uniserve Facilities Services Corp.	86	25.0%
Ben Myerson Candy Co.	88	23.5%
King Taco Restaurants Inc.	89	22.3%
Bergelectric Corp.	91	20.6%
Ross Swiss Dairies	92	20.5%
ColorGraphics Inc.	94	19.1%
Topa Equities Ltd.	99	14.9%
New San Fernando Valley		
Sonic Desktop Software Inc.	2	375.0%
DataDirect Networks Inc.	6	300.0%
NewMark Merrill Cos.	8	226.3%
Pacific Coast Cabling	12	152.6%
EPI Enterprises Inc.	14	147.1%
Exact Staff Inc.	15	145.0%
Pipedream Products Inc.	31	75.9%
Glyphix	43	63.6%
DocuSource Inc.	52	47.8%
Duncan Security Consultant Inc.	90	22.2%

Source: Los Angeles Business Journal

APPENDIX F

LARGEST TECHNOLOGY COMPANIES

Company	Rank	Revenue
Remaining Los Angeles		
Northrop Grumman Corp.	2	\$7,618 million
Diagnostic Products Corp.	14	\$247.9 million
	Total Revenue	\$7,865.9 million
New San Fernando Valley		
MRV Communications Inc.	10	\$319.4 million
Medtronic MiniMed	12	\$294.4 million
Optical Communication Products Inc.	23	\$101.9 million
	Total Revenue	\$715.7 million
Los Angeles Today		\$8,581.6 million

Source: Los Angeles Business Journal

APPENDIX G

FASTEST GROWING TECHNOLOGY COMPANIES

Company	Rank	3-Year Growth Percentage
Remaining Los Angeles		
L90 Inc.	4	2261.4%
ARTISTdirect Inc.	7	371.7%
Adexa Inc.	8	363.6%
Imagistic	10	337.5%
j2 Global Communications Inc.	13	297.1%
Guidance	14	278.6%
New San Fernando Valley		
Capstone Turbine Corp.	1	27519.0%
Optical Communication Products Inc.	6	419.9%
Sonic Desktop Software Inc.	9	352.4%
DataDirect Networks Inc.	12	300.0%
North American Scientific Inc.	17	201.7%
Pacific Coast Cabling	18	152.6%
Medtronic MiniMed	20	113.3%

Source: Los Angeles Business Journal

APPENDIX H

LARGEST AEROSPACE SUBCONTRACTORS

Company	Rank	Revenues
Remaining Los Angeles		
STADCO	13	\$3 million
	Total Revenue	\$3 million
New San Fernando Valley		
Meggitt Aerospace Equipment	1	\$240 million
Transtar Metals Inc.	4	\$50 million
International Precision Inc.	8	\$9 million
MS Aerospace	14	\$3 million
Castle Precision Industries	17	\$2 million
Networks Electronic Corp.	20	\$0.9 million
	Total Revenue	\$304.9 million
Los Angeles Today		\$307.9 million

Source: Los Angeles Business Journal

APPENDIX I

MOST PROFITABLE PUBLIC COMPANIES

COMPANY	RANK	EQUITY RETURN
Remaining Los Angeles		
Intergroup Corp.	1	84.7%
Occidental Petroleum Corp.	7	32.9%
MSC Software Corp.	10	28.4%
Learning Tree Int'l Inc.	11	27.9%
Nara Bancrop Inc.	16	23.4%
Alpha Technologies Group Inc.	18	22.9%
GBC Bancorp.	23	21.1%
Teledyne Technologies Inc.	27	19.6%
Hanmi Financial Corp.	30	18.1%
Cathay Bancorp	31	18.0%
Liberty Digital Inc.	37	17.1%
Herbalife Intl Inc.	39	16.6%
Northrop Grumman Corp.	42	15.9%
New San Fernando Valley		
Intergroup Corp.	1	84.7%
Optical Communication Prods.	3	65.0%
Hemacare Corp.	4	50.3%
Superior Industries Int'l	26	20.0%
Flamemaster Corp.	36	17.1%
Syncor Intl Corp.	44	15.9%
Health Net Inc.	47	15.4%
Litton Industries Inc.	49	14.8%

Source: Los Angeles Business Journal

APPENDIX J

LARGEST FINANCIAL INSTITUTIONS

Name	Rank	Name	Rank
Remaining Los Angeles		New San Fernando Valley	
<i>Banks</i>		<i>Banks</i>	
United California Bank	1	-	-
Cathay Bank	5	<i>Security Brokerages</i>	
GBC Bancorp	6	-	-
California Commerce Bank	7	<i>Small Business Association Lenders</i>	
Mellong 1st Business Bank	9	-	-
Far East National Bank	12	<i>Venture Capital Firms</i>	
Hanmi Bank	13	Pacific Venture Group	15
Manufacturers Bank	14		
California National Bank	15		
Pacific Union Bank	17		
Nara Bancorp Inc.	18		
Dai-Ichi Kangyo Bank of California	21		
U.S. Trust Company	23		
<i>Security Brokerages</i>			
Morgan Stanley Dean Witter & Co.	1		
Smith Barney Inc.	2		
UBS PaineWebber	4		
SunAmerican Financial Network	5		
Crowell Weedon & Co.	6		
Wells Fargo Investments	7		
Wedbush Morgan Securities	8		
Sutro & Co. - RBC Dain Rauscher	9		
Fidelity Investments	14		
Jefferies & Co. Inc.	15		
<i>Small Business Association Lenders</i>			
Wells Fargo Bank	4		
Wilshire State Bank	5		
Hanmi Bank	6		
California Center Bank	8		
Nara Bank N.A.	9		
City National Bank	12		
Saehan Bank	19		
Far East National Bank	22		
<i>Venture Capital Firms</i>			
Redpoint Ventures	1		
Mellon Ventures Inc.	4		
Trident Capital	5		
SunAmerica Ventures	7		
Kline Hawkes & Co.	11		
Riordan Lewis & Haden	16		
East-West Venture Group	17		

Source: Los Angeles Business Journal

APPENDIX J (cont'd)

LARGEST BANKS

Company	Rank	Assets
Remaining Los Angeles		
United California Bank	1	\$10,977.8 million
Cathay Bank	5	\$2,304 million
GBC Bancorp	6	\$2,125 million
California Commerce Bank	7	\$2,077 million
Mellong 1st Business Bank	9	\$1,878 million
Far East National Bank	12	\$1,200.2 million
Hanmi Bank	13	\$1,114.2 million
Manufacturers Bank	14	\$1,093 million
California National Bank	15	\$963 million
Pacific Union Bank	17	\$814.5 million
Nara Bancorp Inc.	18	\$648.8 million
Dai-Ichi Kangyo Bank of California	21	\$514.8 million
U.S. Trust Company	23	\$494.3 million
	Total	
	Revenue	\$ 26,204.6 million
New San Fernando Valley		
N/A	-	-
	Total	
	Revenue	0
Los Angeles Today		\$ 26,204.6 million

Source: Los Angeles Business Journal

APPENDIX J (cont'd)

SBA LENDERS

Company	Rank	Loans Awarded
Remaining Los Angeles		
Wells Fargo Bank	4	\$37.6 million
Wilshire State Bank	5	\$28.6 million
Hanmi Bank	6	\$26.3 million
California Center Bank	8	\$20.3 million
Nara Bank N.A.	9	\$19.9 million
City National Bank	12	\$16.2 million
Saehan Bank	19	\$8.5 million
Far East National Bank	22	\$6.8 million
Total Loans Awarded		\$164.2 million
New San Fernando Valley		
N/A	-	-
Total Loans Awarded		0
Los Angeles Today		\$164.2 million

Source: Los Angeles Business Journal

APPENDIX J (cont'd)

VENTURE CAPITAL FIRMS

Company	Rank	Total Capital
Remaining Los Angeles		
Redpoint Ventures	1	\$2,000 million
Mellon Ventures Inc.	4	\$1,400 million
Trident Capital	5	\$1,300 million
SunAmerica Ventures	7	\$850 million
Kline Hawkes & Co.	11	\$450 million
Riordan Lewis & Haden	16	\$200 million
East-West Venture Group	17	\$175 million
Total Capital		\$6,375 million
New San Fernando Valley		
Pacific Venture Group	15	\$210 million
Total Capital		\$210 million
Los Angeles Today		\$ 6,585 million

Source: Los Angeles Business Journal

APPENDIX J (cont'd)

SECURITY BROKERS

Company	Rank	Brokers
Remaining Los Angeles		
Morgan Stanley Dean Witter & Co.	1	661
Smith Barney Inc.	2	545
UBS PaineWebber	4	500
SunAmerican Financial Network	5	384
Crowell Weedon & Co.	6	130
Wells Fargo Investments	7	85
Wedbush Morgan Securities	8	80
Sutro & Co. - RBC Dain Rauscher	9	58
Fidelity Investments	14	35
Jefferies & Co. Inc.	15	30
	Total Number of Brokers	2508
New San Fernando Valley		
N/A	-	-
	Total Number of Brokers	0
Los Angeles Today		2508

Source: Los Angeles Business Journal

APPENDIX K

LARGEST MINORITY OWNED BUSINESSES

Company	Rank	Revenue
Remaining Los Angeles		
Cook Inlet Energy Supply	1	\$3,000 million
Cathay Bank	5	\$174.1 million
GBC Bankcorp	6	\$171.6 million
Team-One Staffing Services Inc.	20	\$23.1 million
Hanmi Bank	25	\$16.8 million
		\$3,385.6 million
New San Fernando Valley		
Golden West Foods Corp.	21	\$23.0 million
		\$23.0 million
Los Angeles Today		\$3,408.6 million

Source: Los Angeles Business Journal

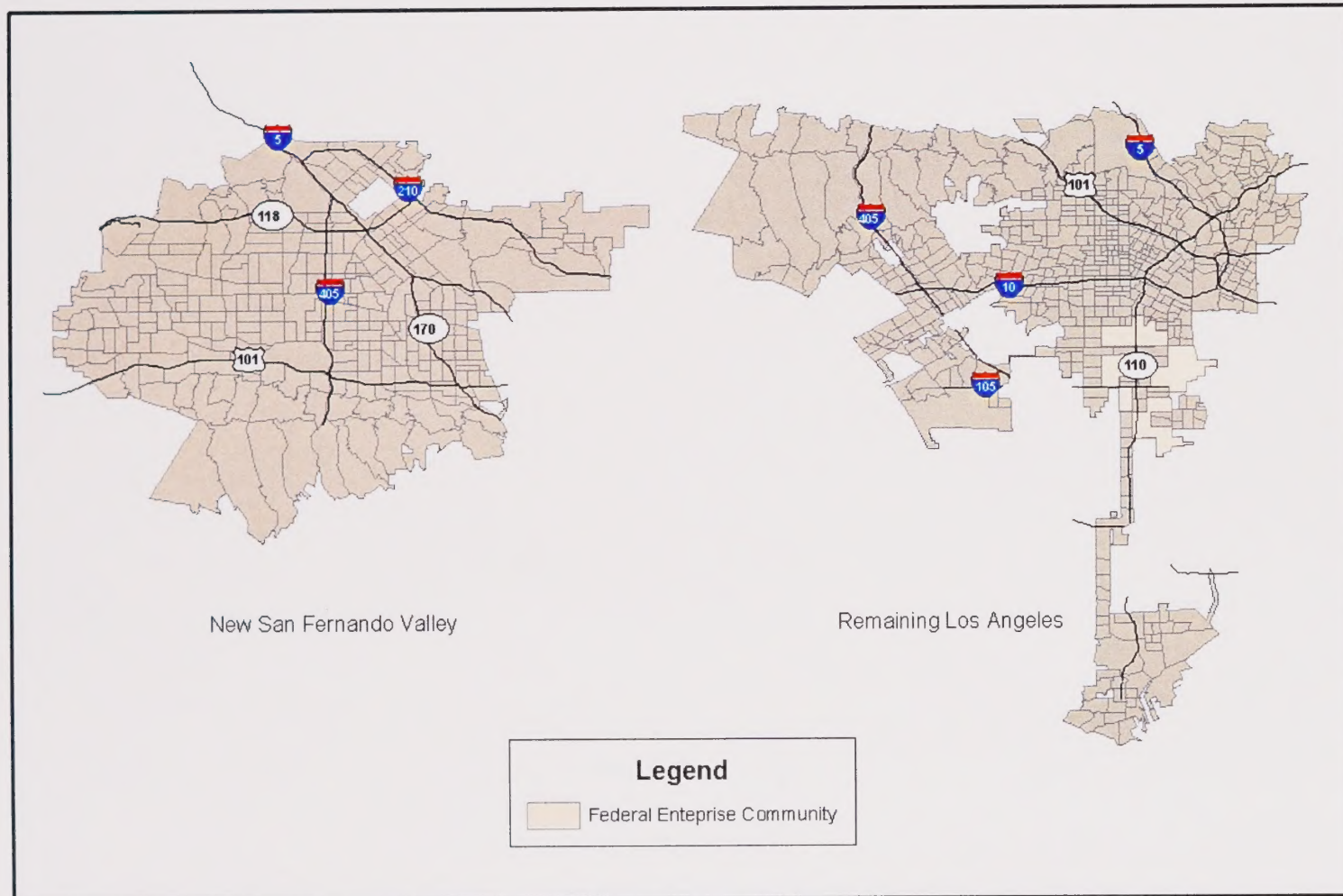
APPENDIX L

COLLEGES AND UNIVERSITIES

Company	Rank	Enrollment
Remaining Los Angeles		
University of California Los Angeles	1	34,779
University of Southern California	2	28,154
California State University Los Angeles	13	14,206
Los Angeles Trade-Technical College	15	11,762
Los Angeles City College	17	11,268
Loyola Marymount University	20	6,928
Total Enrollment		107,097
New San Fernando Valley		
California State University Northridge	5	23,135
Los Angeles Valley College	16	11,460
Los Angeles Mission College	23	4,938
Total Enrollment		39,533
Los Angeles Today		146,630

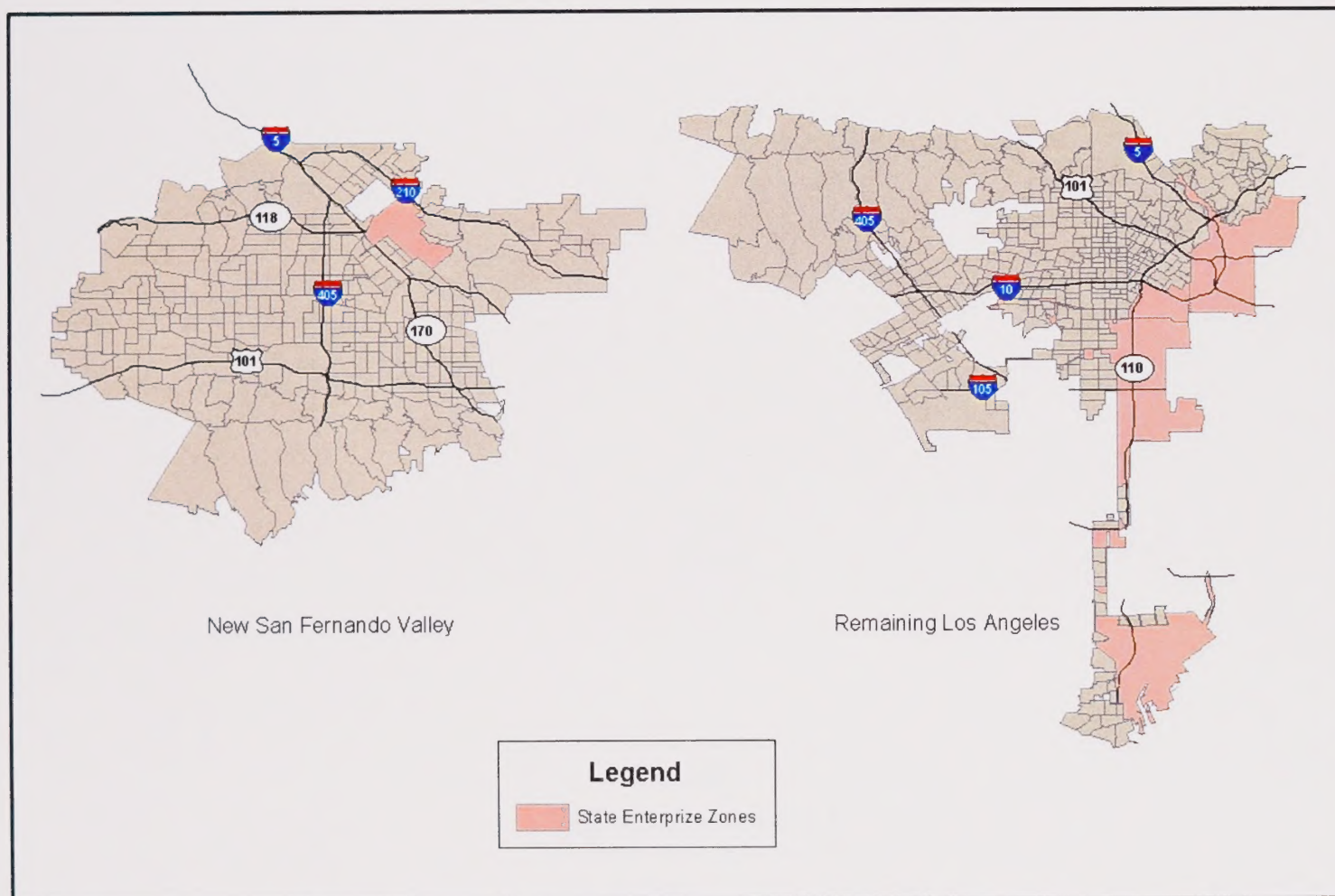
Source: Los Angeles Business Journal

Federal Enterprise Communities



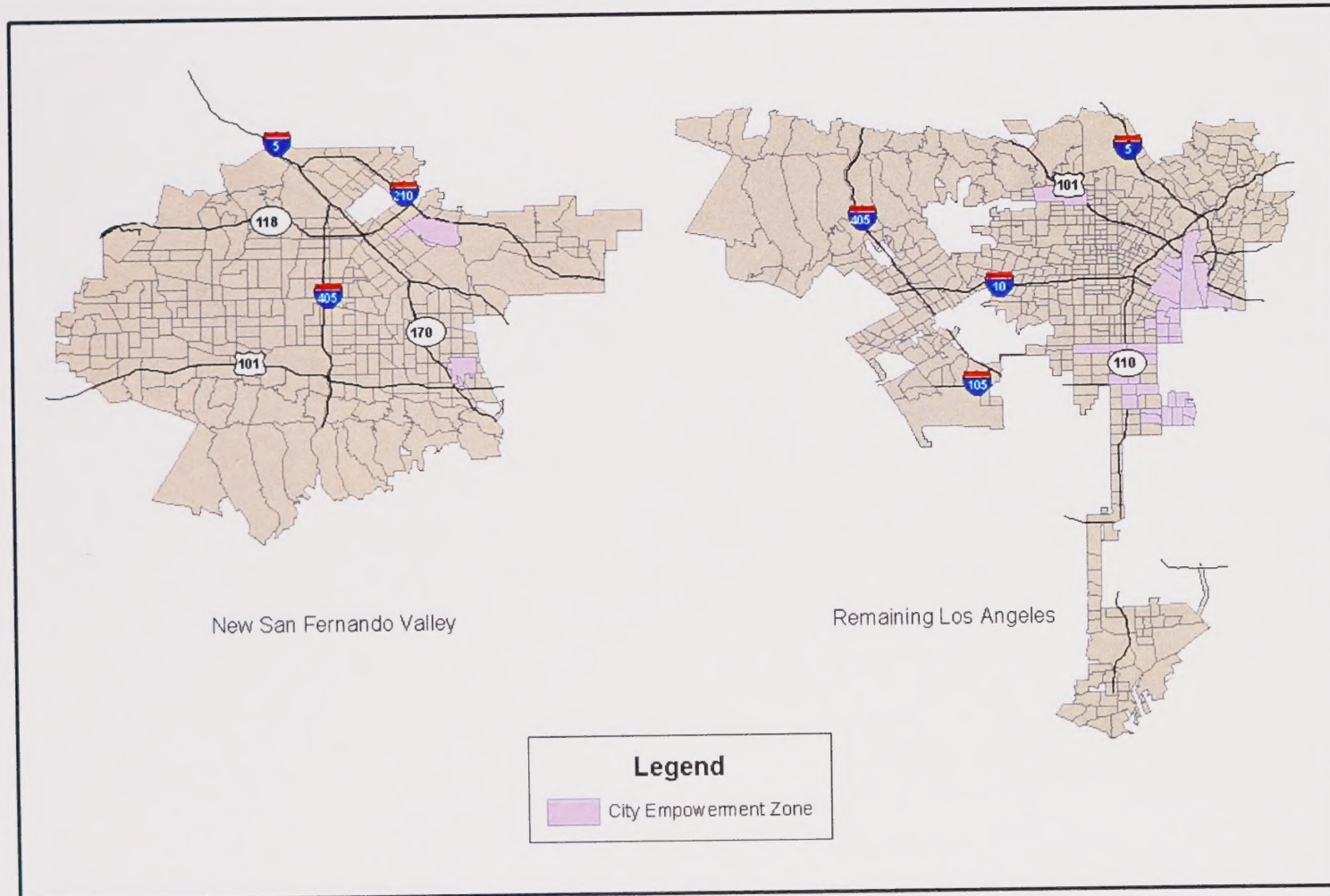
Source: Planning Department of the City of Los Angeles

State Enterprise Zones



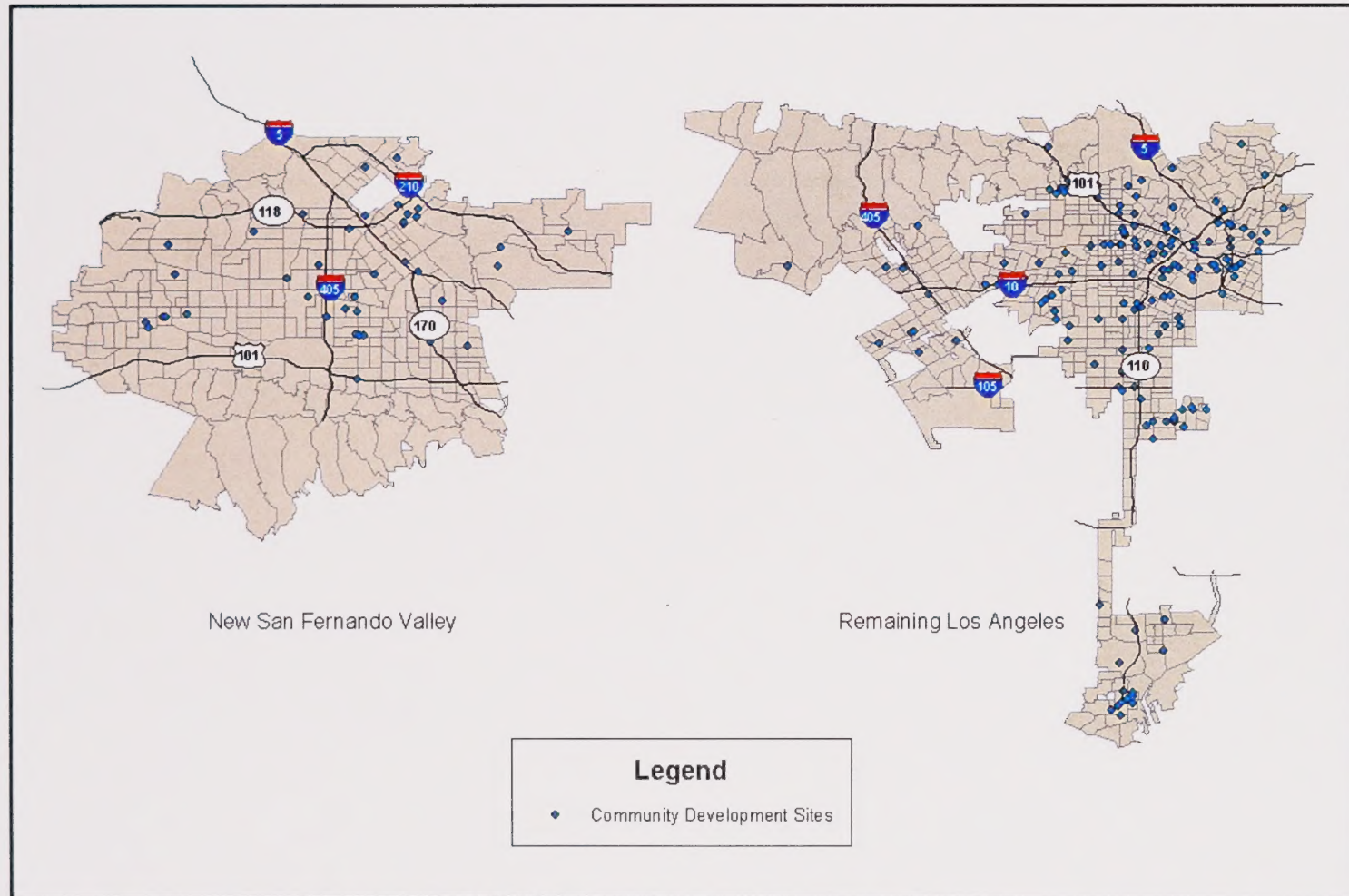
Source: Planning Department of the City of Los Angeles

City Empowerment Zones



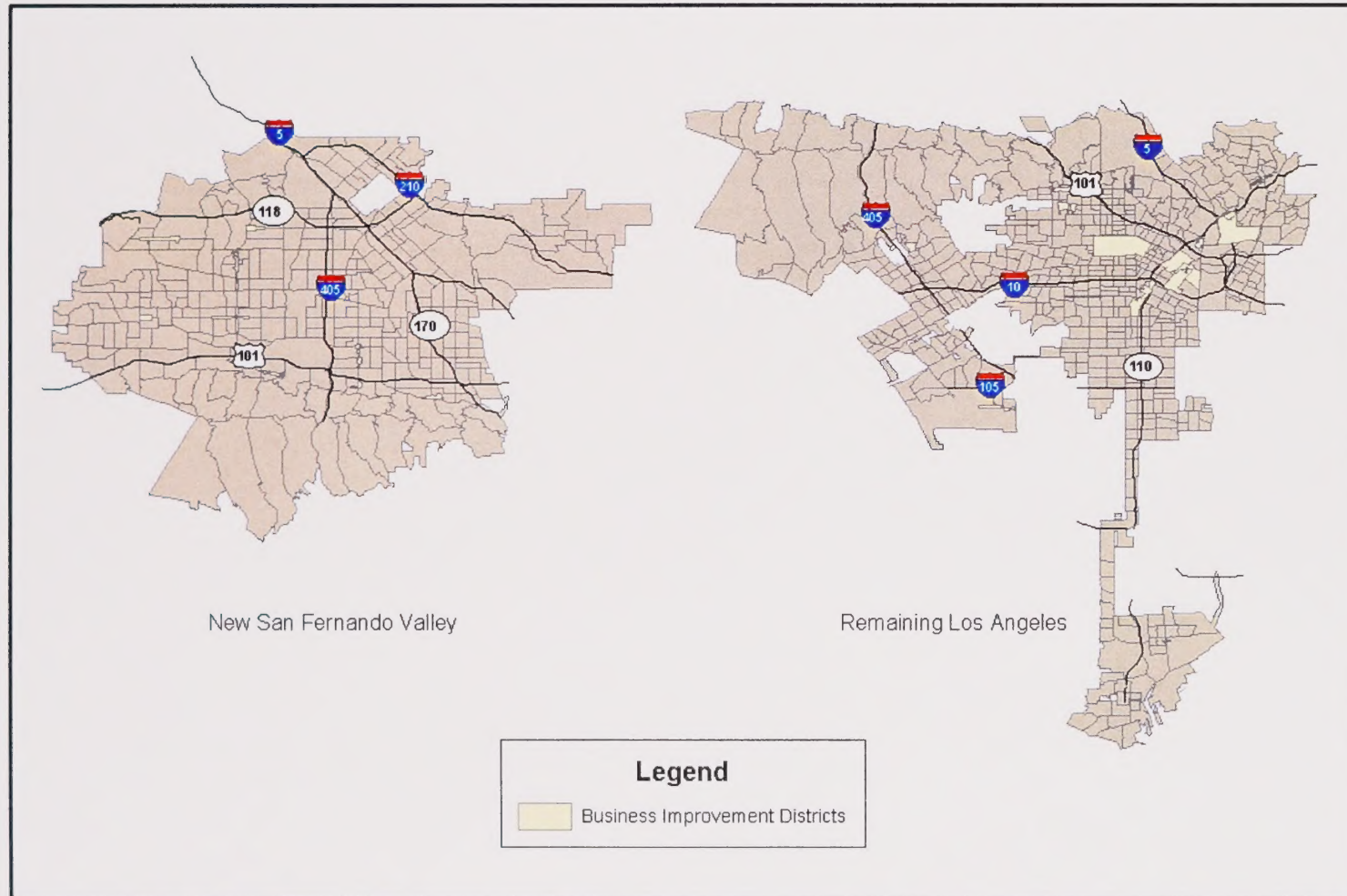
Source: Planning Department for the City of Los Angeles

Community Development Sites



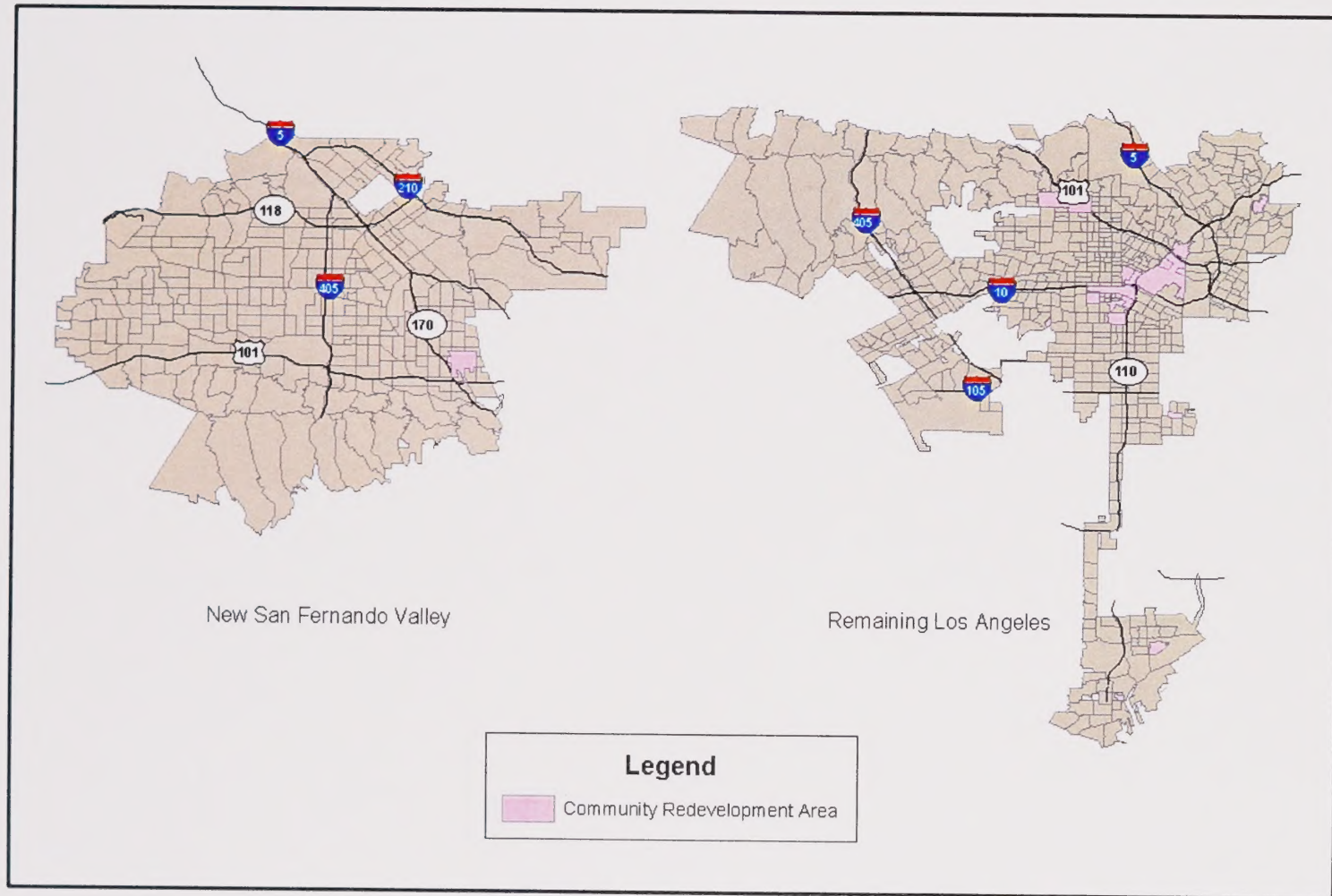
Source: Planning Department of the City of Los Angeles

Business Improvement Districts



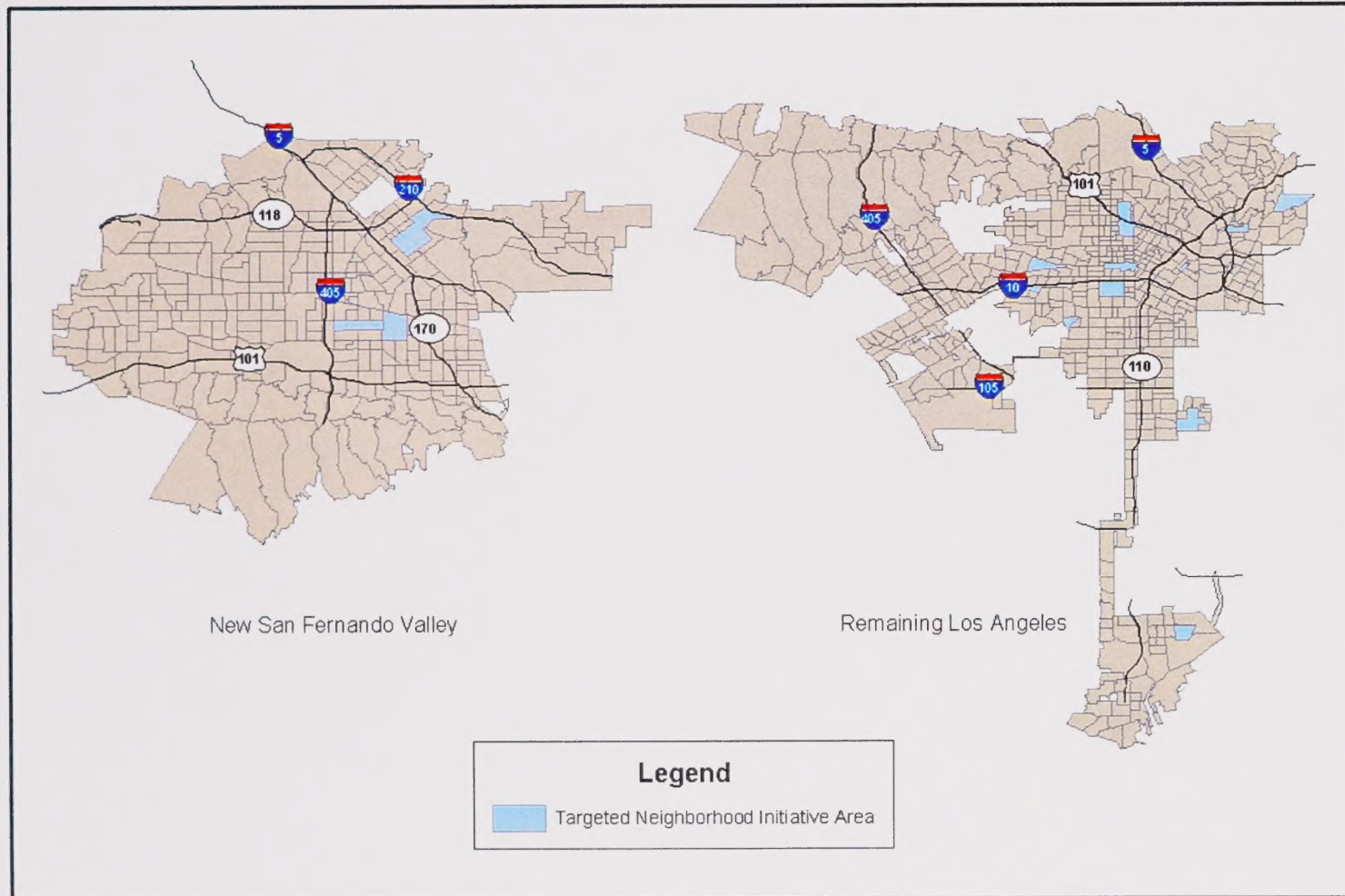
Source: Planning Department of the City of Los Angeles

Community Redevelopment Areas



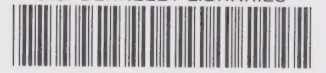
Source: Planning Department of the City of Los Angeles

Targeted Neighborhood Initiative Areas



Source: Planning Department for the City of Los Angeles

U.C. BERKELEY LIBRARIES



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